

Senate File 2389 - Enrolled

Senate File 2389

AN ACT
RELATING TO COMMERCIAL TRANSACTIONS, INCLUDING CONTROL AND
TRANSMISSION OF ELECTRONIC RECORDS AND DIGITAL ASSETS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

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

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

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

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

554.14103 Scope Relation to Article 9 and consumer laws.

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

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

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

state; and

b. any other statute or regulation of this state that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit or credit transactions, including as provided in [chapter 535](#).

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

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

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

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

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

~~2.~~ 3. *Applicability of other law to acquisition of rights.* Except as provided in [this section](#), law other than this Article determines whether a person acquires a right in a controllable electronic record and the right the person acquires.

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

purchased.

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

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

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

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

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

554.14105 Control of controllable electronic record.

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

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

- (1) ~~the~~ power to avail itself of substantially all the benefit from the electronic record; and
- (2) exclusive power, subject to subsection 2, to:
 - (a) prevent others from availing themselves of

substantially all the benefit from the electronic record; and

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

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

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

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

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

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

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

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

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

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

~~b. the other person:~~

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

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

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

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

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

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

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

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

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

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

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

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

b. except as provided in [subsection 2](#), a person that

formerly had control of the controllable electronic record.

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

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

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

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

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

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

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

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

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

b. to the extent an agreement between ~~an~~ the account debtor and seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than [this Article](#); or

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

(1) divide a payment;

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

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

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

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

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

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

c. transfer the powers ~~mentioned~~ specified in paragraphs "a" and "b" to another person.

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

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

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

554.14107 Governing law.

1. *Governing law: general rule.* Except as provided in subsection 2, the local law of a controllable electronic

record's jurisdiction governs a matter covered by this Article.

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

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

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

b. if paragraph "a" does not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this section, Article, or chapter, that jurisdiction is the controllable electronic record's jurisdiction.

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

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

e. if paragraphs "a" through "d" do not apply, the

controllable electronic record's jurisdiction is the District of Columbia.

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

5. *Relation of matter or transaction to controllable electronic record's jurisdiction not necessary.* To the extent subsections 1 and 2 provide that the local law of the controllable electronic record's jurisdiction governs a matter covered by this Article, that law governs even if the matter or a transaction to which the matter relates does not bear any relation to the controllable electronic record's jurisdiction.

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

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

554.14108 Applicability.

1. [This Article](#) applies to any transaction involving a controllable electronic record that arises on or after July 1, 2022. [This Article](#) does not apply to any transaction involving a controllable electronic record that arises before July 1, 2022, even if the transaction would be subject to [this Article](#) if the transaction had arisen on or after July 1, 2022. This Article does not apply to a right of action with regard to any transaction involving a controllable electronic record that has accrued before July 1, 2022.

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

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

554.14109 Savings clause.

1. Any transaction involving a controllable electronic

record that arose before July 1, 2022, and the rights, obligations, and interests flowing from that transaction are governed by any statute or other rule amended or repealed by this Article as if such amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute or other rule.

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

PART B

ARTICLE 1

GENERAL PROVISIONS

Sec. 10. Section 554.1201, subsection 2, Code 2024, is amended by adding the following new paragraph:

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

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

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

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

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

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

v. "Holder" means:

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

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

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

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

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

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

ab. "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, ~~public corporation,~~ or any other legal or commercial entity. The term includes a protected series, however denominated, of an entity if the protected series is established under law other than this

chapter that limits, or limits if conditions specified under the law are satisfied, the ability of a creditor of the entity or of any other protected series of the entity to satisfy a claim from assets of the protected series.

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

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

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

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

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

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

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

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

g. [Sections 554.13105](#) and [554.13106](#);

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

NEW PARAGRAPH. *h.* Section 554.14107.

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

554.1306 Waiver or renunciation of claim or right after breach.

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

ARTICLE 2

SALES

Sec. 15. Section 554.2102, Code 2024, is amended to read as follows:

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

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

2. In a hybrid transaction:

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

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

3. This Article does not:

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

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

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

554.2106 Definitions: “contract” — “agreement” — “contract for sale” — “sale” — “present sale” — “conforming” to contract — “termination” — “cancellation” — “hybrid transaction”.

1. In **this Article** unless the context otherwise requires “*contract*” and “*agreement*” are limited to those relating to the

present or future sale of goods. "Contract for sale" includes both a present sale of goods and a contract to sell goods at a future time. A "sale" consists in the passing of title from the seller to the buyer for a price ([section 554.2401](#)). A "present sale" means a sale which is accomplished by the making of the contract.

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

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

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

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

- a. the provision of services;
- b. a lease of other goods; or
- c. a sale, lease, or license of property other than goods.

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

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

2. Between merchants if within a reasonable time a ~~writing~~

record in confirmation of the contract and sufficient against the sender is received and the party receiving it has reason to know its contents, it satisfies the requirements of subsection 1 against ~~such~~ the party unless ~~written~~ notice in a record of objection to its contents is given within ten days after it is received.

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

554.2202 Final ~~written~~ expression — ~~parol~~ or extrinsic evidence.

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

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

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

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

554.2203 Seals inoperative.

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

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

554.2205 Firm offers.

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

by the offeree must be separately signed by the offeror.

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

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

PART D

ARTICLE 3

NEGOTIABLE INSTRUMENTS

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

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

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

1. "Issue" means:

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

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

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

554.3401 Signature necessary for liability on instrument.

~~1.~~ A person is not liable on an instrument unless the person

signed the instrument, or the person is represented by an agent or representative who signed the instrument and the signature is binding on the represented person under [section 554.3402](#).

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

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

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

PART E

ARTICLE 5

LETTERS OF CREDIT

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

554.5104 Formal requirements.

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

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

554.5116 Choice of law and forum.

1. The liability of an issuer, nominated person, or adviser for action or omission is governed by the law of the

jurisdiction chosen by an agreement in the form of a record signed ~~or otherwise authenticated~~ by the affected parties in ~~the manner provided in~~ [section 554.5104](#) or by a provision in the person's letter of credit, confirmation, or other undertaking. The jurisdiction whose law is chosen need not bear any relation to the transaction.

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

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

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

5. Except as otherwise provided in [this subsection](#), the liability of an issuer, nominated person, or adviser is governed by any rules of custom or practice, such as the uniform customs and practice for documentary credits, to which the letter of credit, confirmation, or other undertaking is expressly made subject. If [this Article](#) would govern the liability of an issuer, nominated person, or adviser under subsection 1 or 2, the relevant undertaking incorporates rules of custom or practice, and there is conflict between this Article and those rules as applied to that undertaking,

those rules govern except to the extent of any conflict with the nonvariable provisions specified in section 554.5103, subsection 3.

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

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

PART F

ARTICLE 7

DOCUMENTS OF TITLE

Sec. 28. Section 554.7102, subsection 1, 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 1](#), 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 1, and a person has control of an electronic document of title, if an authoritative electronic copy of the document, a record attached to or logically associated with the electronic copy, or a system in which the electronic copy is recorded:

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

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

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

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

(2) transfer control of each authoritative electronic copy.

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

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

b. the power is shared with another person.

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

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

b. the other person:

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

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

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

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

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

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

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

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

Sec. 30. DIRECTIONS TO CODE EDITOR — ARTICLE 7 RENAMED. The Code editor is directed to change the title of chapter 554, Article 7, from "Warehouse Receipts, Bills of Lading, and Other Documents of Title" to "Documents of Title".

PART G

ARTICLE 8

INVESTMENT SECURITIES

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

(1) send a signed writing record; or

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

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

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

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

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

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

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

- (1) has control of the security entitlement and acknowledges that it has control on behalf of the purchaser; or
- (2) obtains control of the security entitlement after having acknowledged that it will obtain control of the security entitlement on behalf of the purchaser.

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

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

NEW SUBSECTION. 9. If a person acknowledges that it has or will obtain control on behalf of a purchaser, unless the person otherwise agrees or law other than this Article or Article 9 otherwise provides, the person does not owe any duty to the

purchaser and is not required to confirm the acknowledgment to any other person.

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

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

PART H

ARTICLE 9

SECURED TRANSACTIONS

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

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

(vii) rights to payment evidenced by an instrument.

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

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

- (1) ~~authenticated~~ signed by a secured party;
- (2) indicating the aggregate unpaid secured obligations as of a date not more than thirty-five days earlier or thirty-five days later than the date of the record; and
- (3) identifying the components of the obligations in reasonable detail.

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

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

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

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

or information contained on or for use with the card, or (iv) writings that evidence chattel paper.

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

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

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

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

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

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

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

k. (1) "Chattel paper" means:

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

(b) a right to payment of a monetary obligation owed by a lessee under a lease agreement with respect to specific goods and a monetary obligation owed by the lessee in connection with

the transaction giving rise to the lease, if:

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

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

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

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

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

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

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

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

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

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

d. another person, other than the debtor:

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

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

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

554.9105 Control of electronic copy of record evidencing chattel paper.

1. *General rule: control of electronic copy of record*

evidencing chattel paper. A purchaser has control of an authoritative electronic copy of a record evidencing chattel paper if a system employed for evidencing the assignment of interests in the chattel paper reliably establishes the purchaser as the person to which the authoritative electronic copy was assigned.

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

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

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

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

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

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

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

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

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

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

(2) transfer control of the authoritative electronic copy.

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

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

b. the power is shared with another person.

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

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

b. the other person:

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

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

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

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

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

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

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

554.9105A Control of electronic money.

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

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

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

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

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

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

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

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

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

b. the power is shared with another person.

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

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

b. the other person:

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

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

electronic money.

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

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

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

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

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

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

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

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

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

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

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

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

a. value has been given;

b. the debtor has rights in the collateral or the power to

transfer rights in the collateral to a secured party; and

c. one of the following conditions is met:

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

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

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

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

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

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

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

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

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

b. a commercial tort claim.

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

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

a. to consumer goods as proceeds under section 554.9315,

subsection 1, or commingled goods under section 554.9336, subsection 3;

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

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

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

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

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

b. a secured party having control of a deposit account under section 554.9104, subsection 1, paragraph "c", shall:

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

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

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

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

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

~~(3) take appropriate action to enable the debtor or its~~

~~designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party;~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d. "Request regarding a statement of account" means a record authenticated signed by a debtor requesting that the recipient approve or correct a statement indicating what the debtor believes to be the aggregate amount of unpaid obligations

secured by collateral as of a specified date and reasonably identifying the transaction or relationship that is the subject of the request.

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

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

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

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

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

a. disclaiming any interest in the collateral; and

b. if known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the collateral.

5. *Request for accounting or regarding statement of account — no interest in obligation claimed.* A person that receives a request for an accounting or a request regarding a statement of account, claims no interest in the obligations when it receives the request, and claimed an interest in the obligations at an earlier time shall comply with the request within fourteen

days after receipt by sending to the debtor ~~an authenticated~~ a signed record:

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

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

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

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

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

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

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

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

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

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

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

1. *Chattel paper evidenced by authoritative electronic copy.* Except as provided in subsection 4, if chattel paper

is evidenced only by an authoritative electronic copy of the chattel paper or is evidenced by an authoritative electronic copy and an authoritative tangible copy, the local law of the chattel paper's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the chattel paper, even if the transaction does not bear any relation to the chattel paper's jurisdiction.

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

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

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

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

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

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

3. *Chattel paper evidenced by authoritative tangible copy.* If an authoritative tangible copy of a record evidences

chattel paper and the chattel paper is not evidenced by an authoritative electronic copy, while the authoritative tangible copy of the record evidencing chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

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

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

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

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

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

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

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

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

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

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

h. in controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts,

~~electronic chattel paper~~, electronic documents, investment property, or letter-of-credit rights which ~~is~~ are perfected by control under [section 554.9314](#);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. issuance of a document in the name of the secured party;
- b. the bailee's receipt of notification of the secured party's interest; or
- c. filing as to the goods.

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

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

- a. ultimate sale or exchange; or
- b. loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with them in a manner preliminary to their sale or exchange.

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

- a. ultimate sale or exchange; or
- b. presentation, collection, enforcement, renewal, or registration of transfer.

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

depends upon compliance with [this Article](#).

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

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

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

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

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

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

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

1. *Perfection by control.* A security interest in controllable accounts, controllable electronic records, controllable payment intangibles, deposit accounts, ~~electronic chattel paper~~, electronic documents, electronic money, investment property, or letter-of-credit rights may be perfected by control of the collateral under [section 554.7106](#),

554.9104, ~~554.9105~~, 554.9105A, 554.9106, 554.9107, or 554.9107A.

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

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

- a. the secured party does not have control; and
- b. one of the following occurs:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. *Buyers that receive delivery.* Except as otherwise

provided in subsection 5, a buyer, other than a secured party, of ~~tangible chattel paper, tangible documents,~~ goods, instruments, tangible documents, or a ~~certificated security certificate~~ takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

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

Sec. 68. Section 554.9317, Code 2024, is amended by adding the following new subsections:

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

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

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

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

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

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

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

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

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

b. forty-five days after the purchase.

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

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

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

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

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

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

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

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

1. *Purchaser's priority — security interest claimed merely as proceeds.* A purchaser of chattel paper has priority over a

security interest in the chattel paper which is claimed merely as proceeds of inventory subject to a security interest if:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. *Term restricting assignment generally ineffective.* In this subsection, "promissory note" includes a negotiable instrument that evidences chattel paper. Except as otherwise provided in ~~subsection~~ subsections 5 and 10A and sections 554.9407 and 554.13303, and subject to subsection 8, a term in an agreement between an account debtor and an assignor or in a

promissory note is ineffective to the extent that it:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 83. Section 554.9509, subsections 1 and 2, Code 2024,

are amended to read as follows:

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

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

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

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

a. the collateral described in the security agreement; and

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

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

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

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

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

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

a. except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that

are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

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

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

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

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

554.9605 Unknown debtor or secondary obligor.

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

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

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

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

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

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

a. the person is a debtor or obligor; and

b. the secured party ~~has knowledge~~ knows that the nature

~~of the collateral or a system in which the collateral is recorded would prevent the secured party from acquiring the knowledge specified information in subsection 1, paragraph "a", subparagraph (1), (2), or (3) relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral, or the system in which the collateral is recorded.~~

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

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

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

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

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

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

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

- a. the debtor;
- b. any secondary obligor; and
- c. if the collateral is other than consumer goods:

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

(2) any other secured party or lienholder that, ten days before the notification date, held a security interest in or

other lien on the collateral perfected by the filing of a financing statement that:

- (a) identified the collateral;
- (b) was indexed under the debtor's name as of that date; and
- (c) was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

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

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

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

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

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

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

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

- (1) describes the debtor and the secured party;
- (2) describes the collateral that is the subject of the intended disposition;
- (3) states the method of intended disposition;
- (4) states that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and

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

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

c. The contents of a notification providing substantially the information specified in paragraph "a" are sufficient, even

if the notification includes:

- (1) information not specified by that paragraph; or
- (2) minor errors that are not seriously misleading.

d. A particular phrasing of the notification is not required.

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

NOTIFICATION OF DISPOSITION
OF COLLATERAL

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

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

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

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

(Date)

(Time)

(Place)

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

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

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

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

[End of Form]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTICE OF OUR PLAN TO SELL PROPERTY

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

Subject: (Identify transaction)

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

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

(Date)

(Time)

(Place)

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

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

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

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

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

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

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

{10} We are sending this notice to the following other people

who have an interest in (describe collateral) or who owe money under your agreement:

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

[End of Form]

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

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

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

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

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

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

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

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

h. In item {9}, include either the telephone number or the address or both the telephone number and the address. In addition, the sender may include and complete the additional method of communication — electronic communication — for the recipient of the notification to communicate with the sender.

The additional method of electronic communication is not required to be included.

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

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

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

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

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

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

"Explanation" means a ~~writing~~ record that:

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

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

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

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

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

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

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

In [this section](#), *"transfer statement"* means a record ~~authenticated~~ signed by a secured party stating:

Sec. 99. Section 554.9620, subsection 1, paragraph b,

unnumbered paragraph 1, Code 2024, is amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

a. any person from which the secured party has received, before the debtor consented to the acceptance, ~~an authenticated~~

a signed notification of a claim of an interest in the collateral;

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

554.9624 Waiver.

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

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

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

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

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

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

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

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

PART I
ARTICLE 12
FUNDS TRANSFERS

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

554.12103 Payment order — definitions.

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

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

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

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

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

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

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

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

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

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

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

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

payment.

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

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

554.12201 Security procedure.

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

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

2. If a bank and its customer have agreed that the authenticity of payment orders issued to the bank in the name of the customer as sender will be verified pursuant to a security procedure, a payment order received by the receiving bank is effective as the order of the customer, whether or not authorized, if the security procedure is a commercially reasonable method of providing security against unauthorized payment orders, and the bank proves that it accepted the payment order in good faith and in compliance with the bank's obligations under the security procedure and any ~~written~~ agreement or instruction of the customer, evidenced by a record, restricting acceptance of payment orders issued in the name of the customer. The bank is not required to follow an instruction that violates a ~~written~~ an agreement with the customer, evidenced by a record, or notice of which is not received at a time and in a manner affording the bank a

reasonable opportunity to act on it before the payment order is accepted.

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

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

554.12203 Unenforceability of certain verified payment orders.

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

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

2. b. The receiving bank is not entitled to enforce or retain payment of the payment order if the customer proves that the order was not caused, directly or indirectly, by a person entrusted at any time with the authority to act for the customer with respect to payment orders or the security procedure, or who obtained access to transmitting facilities of the customer or who obtained, from a source controlled by the customer and without authority of the receiving bank,

information facilitating breach of the security procedure, regardless of how the information was obtained or whether the customer was at fault. Information includes any access device, computer software, or similar items.

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

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

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

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

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

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

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

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

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

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

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

4. If a receiving bank fails to execute a payment order that the receiving bank was obligated by express agreement to execute, the receiving bank is liable to the sender for the sender's expenses in the transaction and for incidental expenses and interest losses resulting from the failure to execute. Additional damages, including consequential damages, are recoverable to the extent provided in an express written agreement of the receiving bank, evidenced by a record, but are

not otherwise recoverable.

PART J
ARTICLE 13
LEASES

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

554.13102 Scope.

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

2. In a hybrid lease:

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

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

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

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

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

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

NEW PARAGRAPH. *0i.* "Hybrid lease" means a single transaction involving a lease of goods and:

(1) the provision of services;

(2) a sale of other goods; or

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

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

554.13107 Waiver or renunciation of claim or right after default.

Any claim or right arising out of an alleged default or breach of warranty may be discharged in whole or in part without consideration by a ~~written~~ waiver or renunciation in a

signed ~~and~~ record delivered by the aggrieved party.

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

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

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

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

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

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

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

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

c. a reasonable lease term.

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

554.13202 Final written expression — parol or extrinsic evidence.

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

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

performance; and

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

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

554.13203 Seals inoperative.

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

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

554.13205 Firm offers.

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

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

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

PART K

ARTICLE 15

TRANSITIONAL PROVISIONS

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

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

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

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

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

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

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

- a.* "Controllable account" ... Section 554.9102.
- b.* "Controllable electronic record" ... Section 554.14102.
- c.* "Controllable payment intangible" ... Section 554.9102.
- d.* "Electronic money" ... Section 554.9102.
- e.* "Financing statement" ... Section 554.9102.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. becomes perfected:

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

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

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

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

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

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

Sec. 131. NEW SECTION. 554.15305 Priority.

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

2. *Established priorities.* Subject to subsection 3, if the priorities of claims to collateral were established before the

effective date of this Act, Article 9, as in effect before the effective date of this Act, determines priority.

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

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

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

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

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

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

1. Part 1, including sections 554.15101 and 554.15102.
2. Part 2, including section 554.15201.
3. Part 3, including sections 554.15301, 554.15302, 554.15303, 554.15304, 554.15305, and 554.15306.

DIVISION II
DIGITAL ASSETS

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

554E.1 Definitions.

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

1. "*Contract*" means the same as defined in section 554D.103.
2. "*Digital asset*" means any electronic record that represents, evidences, or comprises economic value or economic, proprietary, or access rights, is maintained or stored in or as an electronic ledger or other record of transactions, or is used as a medium of exchange, unit of account, method of payment, or store of value.
3. "*Distributed ledger technology*" means an electronic record that is a ledger or other record of transactions or other data to which all of the following apply:
 - a. The electronic record is uniformly ordered.
 - b. The electronic record is redundantly maintained or processed by or distributed over more than one computer or machine to ensure the consistency, immutability, decentralization, or nonrepudiation of the ledger or other record of transactions or other data.
4. "*Electronic*" means the same as defined in section 554D.103.
5. "*Electronic record*" means the same as defined in section 554D.103.
6. "*Electronic services system*" means the county land record information system, or electronic services system, created under the agreement entered into under chapter 28E between the counties and the Iowa county recorders association as required by 2005 Iowa Acts, ch. 179, §101, as amended by 2021 Iowa Acts, ch. 126, §2.
7. "*Record*" means the same as defined in section 554D.103.
8.
 - a. "*Smart contract*" means an electronic record that is an event-driven program or computerized transaction protocol that runs on a distributed, decentralized, shared, and replicated ledger that executes the terms of a contract.
 - b. For purposes of this subsection, "*executes the terms of a contract*" may include taking, obtaining, exercising, or transferring control or custody of assets or other property.
9. "*Transaction*" means a sale, trade, exchange, transfer, payment, or conversion of a digital asset or any other property

or any other action or set of actions occurring between two or more persons relating to the conduct of business, commercial, or governmental affairs.

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

554E.2 Classification of digital assets.

Digital assets are intangible personal property.

AMY SINCLAIR
President of the Senate

PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2389, Ninetieth General Assembly.

W. CHARLES SMITHSON
Secretary of the Senate

Approved _____, 2024

KIM REYNOLDS
Governor