

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 2nd Session of the 59th Legislature (2024)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 3323

By: Staires

7
8 COMMITTEE SUBSTITUTE

9 An Act relating to the Uniform Commercial Code;
10 amending 12A O.S. 2021, Section 1-201, which relates
11 to general definitions; defining central bank digital
12 currency; modifying definition; amending 12A O.S.
13 2021, Section 1-9-102, which relates to definitions;
14 modifying definition; and providing an effective
15 date.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 12A O.S. 2021, Section 1-201, is
18 amended to read as follows:

19 Section 1-201. General Definitions and Principles of
20 Interpretation.

21 (a) Unless the context otherwise requires, words or phrases
22 defined in this section, or in the additional definitions contained
23 in other articles of the Uniform Commercial Code that apply to
24 particular articles or parts thereof, have the meanings stated.

1 (b) Subject to definitions contained in other articles of the
2 Uniform Commercial Code that apply to particular articles or parts
3 thereof:

4 (1) "Action" in the sense of a judicial proceeding includes a
5 recoupment, counterclaim, setoff, suit in equity, and any other
6 proceedings in which rights are determined.

7 (2) "Aggrieved party" means a party entitled to pursue a
8 remedy.

9 (3) "Agreement", as distinguished from "contract", means the
10 bargain of the parties in fact as found in their language or
11 inferred from other circumstances including course of performance,
12 course of dealing, or usage of trade as provided in Section 1-303 of
13 this title.

14 (4) "Bank" means a person engaged in the business of banking
15 and includes a savings bank, savings and loan association, credit
16 union, and trust company.

17 (5) "Bearer" means a person in control of a negotiable
18 electronic document of title or a person in possession of an
19 instrument, negotiable tangible document of title, or certificated
20 security payable to bearer or endorsed in blank.

21 (6) "Bill of lading" means a document of title evidencing the
22 receipt of goods for shipment issued by a person engaged in the
23 business of directly or indirectly transporting or forwarding goods.
24 The term does not include a warehouse receipt.

1 (7) "Branch" includes a separately incorporated foreign branch
2 of a bank.

3 (8) "Burden of establishing" means the burden of persuading the
4 trier of fact that the existence of the fact is more probable than
5 its nonexistence.

6 (9) "Buyer in ordinary course of business" means a person that
7 buys goods in good faith, without knowledge that the sale violates
8 the rights of another person in the goods, and in the ordinary
9 course from a person, other than a pawnbroker, in the business of
10 selling goods of that kind. A person buys goods in the ordinary
11 course if the sale to the person comports with the usual or
12 customary practices in the kind of business in which the seller is
13 engaged or with the seller's own usual or customary practices. A
14 person that sells oil, gas, or other minerals at the wellhead or
15 minehead is a person in the business of selling goods of that kind.
16 A buyer in ordinary course of business may buy for cash, by exchange
17 of other property, or on secured or unsecured credit, and may
18 acquire goods or documents of title under a preexisting contract for
19 sale. Only a buyer that takes possession of the goods or has a
20 right to recover the goods from the seller under Article 2 may be a
21 buyer in ordinary course of business. "Buyer in ordinary course of
22 business" does not include a person that acquires goods in a
23 transfer in bulk or as security for or total or partial satisfaction
24 of a money debt.

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

11 (11) "Conspicuous", with reference to a term means so written,
12 displayed, or presented that a reasonable person against whom it is
13 to operate ought to have noticed it. Whether a term is
14 "conspicuous" or not is a decision for the court. Conspicuous terms
15 include the following:

16 (A) a heading in capitals equal to or greater in size than
17 the surrounding text, or in contrasting type, font, or
18 color to the surrounding text of same or lesser size;
19 and

20 (B) language in the body of a record or display in larger
21 type than the surrounding text of the same size, or
22 set off from surrounding text of the same size by
23 symbols or other marks that call attention to the
24 language.

1 ~~(11)~~ (12) "Consumer" means an individual who enters into a
2 transaction primarily for personal, family, or household purposes.

3 ~~(12)~~ (13) "Contract", as distinguished from "agreement", means
4 the total legal obligation that results from the parties' agreement
5 as determined by the provisions of the Uniform Commercial Code as
6 supplemented by any other applicable laws.

7 ~~(13)~~ (14) "Creditor" includes a general creditor, a secured
8 creditor, a lien creditor, and any representative of creditors,
9 including an assignee for the benefit of creditors, a trustee in
10 bankruptcy, a receiver in equity, and an executor or administrator
11 of an insolvent debtor's or assignor's estate.

12 ~~(14)~~ (15) "Defendant" includes a person in the position of
13 defendant in a counterclaim, cross-claim, or third-party claim.

14 ~~(15)~~ (16) "Delivery" with respect to an electronic document of
15 title means voluntary transfer of control and with respect to an
16 instrument, a tangible document of title, or chattel paper means
17 voluntary transfer of possession.

18 ~~(16)~~ (17) "Document of title" means a record that in the
19 regular course of business or financing is treated as adequately
20 evidencing that the person in possession or control of the record is
21 entitled to receive, control, hold, and dispose of the record and
22 the goods the record covers and that purports to be issued by or
23 addressed to a bailee and to cover goods in the bailee's possession
24 which are either identified or are fungible portions of an

1 identified mass. The term includes a bill of lading, transport
2 document, dock warrant, dock receipt, warehouse receipt, and order
3 for delivery of goods. An electronic document of title means a
4 document of title evidenced by a record consisting of information
5 stored in an electronic medium. A tangible document of title means
6 a document of title evidenced by a record consisting of information
7 that is inscribed on a tangible medium.

8 ~~(17)~~ (18) "Fault" means a default, breach, or wrongful act or
9 omission.

10 ~~(18)~~ (19) "Fungible goods" means:

11 (A) goods of which any unit, by nature or usage of trade,
12 is the equivalent of any other like unit; or

13 (B) goods that by agreement are treated as equivalent.

14 ~~(19)~~ (20) "Genuine" means free of forgery or counterfeiting.

15 ~~(20)~~ (21) "Good faith", except as otherwise provided in Article
16 5 of this title, means honesty in fact and the observance of
17 reasonable commercial standards of fair dealing.

18 ~~(21)~~ (22) "Holder" means:

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

22 (B) the person in possession of a document of title if the
23 goods are deliverable either to bearer or to the order
24 of the person in possession; or

1 (C) the person in control of a negotiable electronic
2 document of title.

3 ~~(22)~~ (23) "Insolvency proceeding" includes any assignment for
4 the benefit of creditors or other proceeding intended to liquidate
5 or rehabilitate the estate of the person involved.

6 ~~(23)~~ (24) "Insolvent" means:

7 (A) having generally ceased to pay debts in the ordinary
8 course of business other than as a result of bona fide
9 dispute;

10 (B) being unable to pay debts as they become due; or

11 (C) being insolvent within the meaning of the federal
12 bankruptcy law.

13 ~~(24)~~ (25) "Money" means a medium of exchange authorized or
14 adopted by a domestic or foreign government. The term includes a
15 monetary unit of account established by an intergovernmental
16 organization or by agreement between two or more countries. The
17 term does not include central bank digital currency.

18 ~~(25)~~ (26) "Organization" means a person other than an
19 individual.

20 ~~(26)~~ (27) "Party", as distinguished from "third party", means a
21 person who has engaged in a transaction or made an agreement subject
22 to the Uniform Commercial Code.

23 ~~(27)~~ (28) "Person" means an individual, corporation, business
24 trust, estate, trust, partnership, limited liability company,

1 association, joint venture, government, governmental subdivision,
2 agency, or instrumentality, public corporation, or any other legal
3 or commercial entity.

4 ~~(28)~~ (29) "Present value" means the amount as of a date certain
5 of one or more sums payable in the future, discounted to the date
6 certain by use of either an interest rate specified by the parties
7 if that rate is not manifestly unreasonable at the time the
8 transaction is entered into or, if an interest rate is not so
9 specified, a commercially reasonable rate that takes into account
10 the facts and circumstances at the time the transaction is entered
11 into.

12 ~~(29)~~ (30) "Purchase" means taking by sale, discount,
13 negotiation, mortgage, pledge, lien, security interest, issue or
14 reissue, gift, or any other voluntary transaction creating an
15 interest in property.

16 ~~(30)~~ (31) "Purchaser" means a person who takes by purchase.

17 ~~(31)~~ (32) "Record" means information that is inscribed on a
18 tangible medium or that is stored in an electronic or other medium
19 and is retrievable in perceivable form.

20 ~~(32)~~ (33) "Remedy" means any remedial right to which an
21 aggrieved party is entitled with or without resort to a tribunal.

22 ~~(33)~~ (34) "Representative" means a person empowered to act for
23 another, including an agent, an officer of a corporation or
24 association, and a trustee, executor, or administrator of an estate.

1 ~~(34)~~ (35) "Right" includes remedy.

2 ~~(35)~~ (36) "Security interest" means an interest in personal
3 property or fixtures which secures payment or performance of an
4 obligation. "Security interest" includes any interest of a
5 consignor and a buyer of accounts, chattel paper, a payment
6 intangible, or a promissory note in a transaction that is subject to
7 Article 9 of this title. "Security interest" does not include the
8 special property interest of a buyer of goods on identification of
9 those goods to a contract for sale under Section 2-401 of this
10 title, but a buyer may also acquire a "security interest" by
11 complying with the provisions of Article 9 of this title. Except as
12 otherwise provided in Section 2-505 of this title, the right of a
13 seller or lessor of goods under Article 2 or 2A of this title to
14 retain or acquire possession of the goods is not a "security
15 interest", but a seller or lessor may also acquire a "security
16 interest" by complying with Article 9 of this title. The retention
17 or reservation of title by a seller of goods notwithstanding
18 shipment or delivery to the buyer under Section 2-401 of this title
19 is limited in effect to a reservation of a "security interest".
20 Whether a transaction in the form of a lease creates security
21 interest is determined pursuant to Section 1-203 of this title.

22 ~~(36)~~ (37) "Send" in connection with any writing, record, or
23 notice means:

24

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

8 (B) in any other way to cause to be received any record or
9 notice within the time at which it would have arrived
10 if properly sent.

11 ~~(37)~~ (38) "Signed" includes any symbol executed or adopted with
12 present intention to adopt or accept a writing.

13 ~~(38)~~ (39) "State" means a state of the United States, the
14 District of Columbia, Puerto Rico, the United States Virgin Islands,
15 or any territory or insular possession subject to the jurisdiction
16 of the United States.

17 ~~(39)~~ (40) "Surety" includes guarantor or other secondary
18 obligor.

19 ~~(40)~~ (41) "Term" means a portion of an agreement which relates
20 to a particular matter.

21 ~~(41)~~ (42) "Unauthorized signature" means a signature made
22 without actual, implied or apparent authority. The term includes a
23 forgery.

1 ~~(42)~~ (43) "Warehouse receipt" means a document of title issued
2 by a person engaged in the business of storing goods for hire.

3 ~~(43)~~ (44) "Writing" includes printing, typewriting, or any
4 other intentional reduction to tangible form. "Written" has a
5 corresponding meaning.

6 SECTION 2. AMENDATORY 12A O.S. 2021, Section 1-9-102, is
7 amended to read as follows:

8 Section 1-9-102. Definitions and index of definitions.

9 DEFINITIONS AND INDEX OF DEFINITIONS

10 (a) In this article:

11 (1) "Accession" means goods that are physically united with
12 other goods in such a manner that the identity of the original goods
13 is not lost.

14 (2) (A) "Account", except as used in "account for", means a
15 right to payment of a monetary obligation, whether or
16 not earned by performance:

17 (i) for property that has been or is to be sold,
18 leased, licensed, assigned, or otherwise disposed
19 of;

20 (ii) for services rendered or to be rendered;

21 (iii) for a policy of insurance issued or to be issued;

22 (iv) for a secondary obligation incurred or to be
23 incurred;

24 (v) for energy provided or to be provided;

1 (vi) for the use or hire of a vessel under a charter
2 or other contract;

3 (vii) arising out of the use of a credit or charge card
4 or information contained on or for use with the
5 card; or

6 (viii) as winnings in a lottery or other game of chance
7 operated or sponsored by a state, governmental
8 unit of a state, or a person licensed or
9 authorized to operate the game by a state or
10 governmental unit of a state.

11 (B) The term includes health-care-insurance receivables.

12 (C) The term does not include:

13 (i) rights to payment evidenced by chattel paper or
14 an instrument;

15 (ii) commercial tort claims;

16 (iii) deposit accounts;

17 (iv) investment property;

18 (v) letter-of-credit rights or letters of credit; or

19 (vi) rights to payment for money or funds advanced or
20 sold, other than rights arising out of the use of
21 a credit or charge card or information contained
22 on or for use with the card.

23 (3) "Account debtor" means a person obligated on an account,
24 chattel paper, or general intangible. The term does not include

1 persons obligated to pay a negotiable instrument, even if the
2 instrument constitutes part of chattel paper.

3 (4) "Accounting", except as used in "accounting for", means a
4 record:

5 (A) authenticated by a secured party;

6 (B) indicating the aggregate unpaid secured obligations as
7 of a date not more than thirty-five (35) days earlier
8 or thirty-five (35) days later than the date of the
9 record; and

10 (C) identifying the components of the obligations in
11 reasonable detail.

12 (5) "Agricultural lien" means an interest in farm products:

13 (A) which secures payment or performance of an obligation
14 for:

15 (i) goods or services furnished in connection with a
16 debtor's farming operation; or

17 (ii) rent on real property leased by a debtor in
18 connection with its farming operation;

19 (B) which is created by statute in favor of a person that:

20 (i) in the ordinary course of its business furnished
21 goods or services to a debtor in connection with
22 a debtor's farming operation; or

23 (ii) leased real property to a debtor in connection
24 with the debtor's farming operation; and

1 (C) whose effectiveness does not depend on the person's
2 possession of the personal property.

3 (6) "As-extracted collateral" means:

4 (A) oil, gas, or other minerals that are subject to a
5 security interest that:

6 (i) is created by a debtor having an interest in the
7 minerals before extraction; and

8 (ii) attaches to the minerals as extracted; or

9 (B) accounts arising out of the sale at the wellhead or
10 minehead of oil, gas, or other minerals in which the
11 debtor had an interest before extraction.

12 (7) "Authenticate" means:

13 (A) to sign; or

14 (B) with present intent to adopt or accept a record, to
15 attach to or logically associate with the record an
16 electronic sound, symbol, or process.

17 (8) "Bank" means an organization that is engaged in the
18 business of banking. The term includes savings banks, savings and
19 loan associations, credit unions, and trust companies.

20 (9) "Cash proceeds" means proceeds that are money, checks,
21 deposit accounts, or the like.

22 (10) "Certificate of title" means a certificate of title with
23 respect to which a statute provides for the security interest in
24 question to be indicated on the certificate as a condition or result

1 of the security interest's obtaining priority over the rights of a
2 lien creditor with respect to the collateral. The term includes
3 another record maintained as an alternative to a certificate of
4 title by the governmental unit that issues certificates of title if
5 a statute permits the security interest in question to be indicated
6 on the record as a condition or result of the security interest's
7 obtaining priority over the rights of a lien creditor with respect
8 to the collateral.

9 (11) "Chattel paper" means a record or records that evidence
10 both a monetary obligation and a security interest in specific
11 goods, a security interest in specific goods and software used in
12 the goods, a security interest in specific goods and license of
13 software used in the goods, a lease of specific goods, or a lease of
14 specific goods and license of software used in the goods. In this
15 paragraph, "monetary obligation" means a monetary obligation secured
16 by the goods or owed under a lease of goods and includes a monetary
17 obligation with respect to software used in the goods. The term
18 does not include charters or other contracts involving the use or
19 hire of a vessel. If a transaction is evidenced by records that
20 include an instrument or series of instruments, the group of records
21 taken together constitutes chattel paper.

22 (12) "Collateral" means the property subject to a security
23 interest or agricultural lien. The term includes:

24 (A) proceeds to which a security interest attaches;

1 (B) accounts, chattel paper, payment intangibles, and
2 promissory notes that have been sold; and

3 (C) goods that are the subject of a consignment.

4 (13) "Commercial tort claim" means a claim arising in tort with
5 respect to which:

6 (A) the claimant is an organization; or

7 (B) the claimant is an individual and the claim:

8 (i) arose in the course of the claimant's business or
9 profession; and

10 (ii) does not include damages arising out of personal
11 injury to or the death of an individual.

12 (14) "Commodity account" means an account maintained by a
13 commodity intermediary in which a commodity contract is carried for
14 a commodity customer.

15 (15) "Commodity contract" means a commodity futures contract,
16 an option on a commodity futures contract, a commodity option, or
17 another contract if the contract or option is:

18 (A) traded on or subject to the rules of a board of trade
19 that has been designated as a contract market for such
20 a contract pursuant to federal commodities laws; or

21 (B) traded on a foreign commodity board of trade,
22 exchange, or market, and is carried on the books of a
23 commodity intermediary for a commodity customer.

24

1 (16) "Commodity customer" means a person for which a commodity
2 intermediary carries a commodity contract on its books.

3 (17) "Commodity intermediary" means a person that:

4 (A) is registered as a futures commission merchant under
5 federal commodities law; or

6 (B) in the ordinary course of its business provides
7 clearance or settlement services for a board of trade
8 that has been designated as a contract market pursuant
9 to federal commodities law.

10 (18) "Communicate" means:

11 (A) to send a written or other tangible record;

12 (B) to transmit a record by any means agreed upon by the
13 persons sending and receiving the record; or

14 (C) in the case of transmission of a record to or by a
15 filing office, to transmit a record by any means
16 prescribed by filing-office rule.

17 (19) "Consignee" means a merchant to which goods are delivered
18 in a consignment.

19 (20) "Consignment" means a transaction, regardless of its form,
20 in which a person delivers goods to a merchant for the purpose of
21 sale and:

22 (A) the merchant:

23 (i) deals in goods of that kind under a name other
24 than the name of the person making delivery;

1 (ii) is not an auctioneer; and

2 (iii) is not generally known by its creditors to be
3 substantially engaged in selling the goods of
4 others;

5 (B) with respect to each delivery, the aggregate value of
6 the goods is One Thousand Dollars (\$1,000.00) or more
7 at the time of delivery;

8 (C) the goods are not consumer goods immediately before
9 delivery; and

10 (D) the transaction does not create a security interest
11 that secures an obligation.

12 (21) "Consignor" means a person that delivers goods to a
13 consignee in a consignment.

14 (22) "Consumer debtor" means a debtor in a consumer
15 transaction.

16 (23) "Consumer goods" means goods that are used or bought for
17 use primarily for personal, family, or household purposes.

18 (24) "Consumer-goods transaction" means a consumer transaction
19 in which:

20 (A) an individual incurs an obligation primarily for
21 personal, family, or household purposes; and

22 (B) a security interest in consumer goods secures the
23 obligation.

24

1 (25) "Consumer obligor" means an obligor who is an individual
2 and who incurred the obligation as part of a transaction entered
3 into primarily for personal, family, or household purposes.

4 (26) "Consumer transaction" means a transaction in which (i) an
5 individual incurs an obligation primarily for personal, family, or
6 household purposes, (ii) a security interest secures the obligation,
7 and (iii) the collateral is held or acquired primarily for personal,
8 family, or household purposes. The term includes consumer-goods
9 transactions.

10 (27) "Continuation statement" means an amendment of a financing
11 statement which:

12 (A) identifies, by its file number, the initial financing
13 statement to which it relates; and

14 (B) indicates that it is a continuation statement for, or
15 that it is filed to continue the effectiveness of, the
16 identified financing statement.

17 (28) "Debtor" means:

18 (A) a person having an interest, other than a security
19 interest or other lien, in the collateral, whether or
20 not the person is an obligor;

21 (B) a seller of accounts, chattel paper, payment
22 intangibles, or promissory notes; or

23 (C) a consignee.
24

1 (29) "Deposit account" means a demand, time, savings, passbook,
2 or similar account maintained with a bank as defined in paragraph
3 (8) of this subsection. The term does not include investment
4 property or a deposit account evidenced by an instrument or a United
5 States central bank digital currency.

6 (30) "Document" means a document of title or a receipt of the
7 type described in subsection (b) of Section 7-201 of this title.

8 (31) "Electronic chattel paper" means chattel paper evidenced
9 by a record or records consisting of information stored in an
10 electronic medium.

11 (32) "Encumbrance" means a right, other than an ownership
12 interest, in real property. The term includes mortgages and other
13 liens on real property.

14 (33) "Equipment" means goods other than inventory, farm
15 products, or consumer goods.

16 (34) "Farm products" means goods, other than standing timber,
17 with respect to which the debtor is engaged in a farming operation
18 and which are:

19 (A) crops grown, growing, or to be grown, including:

20 (i) crops produced on trees, vines, and bushes; and

21 (ii) aquatic goods produced in aquacultural
22 operations;

23 (B) livestock, born or unborn, including aquatic goods
24 produced in aquacultural operations;

- 1 (C) supplies used or produced in a farming operation; or
2 (D) products of crops or livestock in their unmanufactured
3 states.

4 (35) "Farming operation" means raising, cultivating,
5 propagating, fattening, grazing, or any other farming, livestock, or
6 aquacultural operation.

7 (36) "File number" means the number assigned to an initial
8 financing statement pursuant to subsection (a) of Section 1-9-519 of
9 this title.

10 (37) "Filing office" means an office designated in Section 1-9-
11 501 as the place to file a financing statement.

12 (38) "Filing-office rule" means a rule adopted pursuant to
13 Sections 1-9-526 and 1-9-526.1 of this title.

14 (39) "Financing statement" means a record or records composed
15 of an initial financing statement and any filed record relating to
16 the initial financing statement.

17 (40) "Fixture filing" means the filing of a financing statement
18 covering goods that are or are to become fixtures and satisfying
19 subsections (a) and (b) of Section 1-9-502 of this title. The term
20 includes the filing of a financing statement covering goods of a
21 transmitting utility which are or are to become fixtures.

22 (41) "Fixtures" means goods that have become so related to
23 particular real property that an interest in them arises under real
24 property law.

1 (42) "General intangible" means any personal property,
2 including things in action, other than accounts, chattel paper,
3 commercial tort claims, deposit accounts, documents, goods,
4 instruments, investment property, letter-of-credit rights, letters
5 of credit, money, and oil, gas, or other minerals before extraction.
6 The term includes payment intangibles and software.

7 (43) "Good faith" means honesty in fact and the observance of
8 reasonable commercial standards of fair dealing.

9 (44) (A) "Goods" means all things that are movable when a
10 security interest attaches.

11 (B) The term includes:

12 (i) fixtures;

13 (ii) standing timber that is to be cut and removed
14 under a conveyance or contract for sale;

15 (iii) the unborn young of animals;

16 (iv) crops grown, growing, or to be grown, even if the
17 crops are produced on trees, vines, or bushes;

18 and

19 (v) manufactured homes.

20 (C) The term also includes a computer program embedded in
21 goods and any supporting information provided in
22 connection with a transaction relating to the program
23 if:

24

1 (i) the program is associated with the goods in such
2 a manner that it customarily is considered part
3 of the goods; or

4 (ii) by becoming the owner of the goods, a person
5 acquires a right to use the program in connection
6 with the goods.

7 (D) The term does not include a computer program which is
8 embedded in goods and that consist solely of the
9 medium in which the program is embedded.

10 (E) The term also does not include accounts, chattel
11 paper, commercial tort claims, deposit accounts,
12 documents, general intangibles, instruments,
13 investment property, letter-of-credit rights, letters
14 of credit, money, or oil, gas, or other minerals
15 before extraction.

16 (45) "Governmental unit" means a subdivision, agency,
17 department, county, parish, municipality, or other unit of the
18 government of the United States, a state, or a foreign country. The
19 term includes an organization having a separate corporate existence
20 if the organization is eligible to issue debt on which interest is
21 exempt from income taxation under the laws of the United States.

22 (46) "Health-care-insurance receivable" means an interest in or
23 claim under a policy of insurance which is a right to payment of a
24

1 monetary obligation for health-care goods or services provided or to
2 be provided.

3 (47) (A) "Instrument" means a negotiable instrument or any
4 other writing that evidences a right to the payment of
5 a monetary obligation, is not itself a security
6 agreement or lease, and is of a type that in ordinary
7 course of business is transferred by delivery with any
8 necessary endorsement or assignment.

9 (B) "Instrument" includes:

10 (i) an instrument as defined in subparagraph (A) of
11 this paragraph, whether the instrument is subject
12 to Section 3-104 of this title because it is not
13 payable to order; and

14 (ii) a writing that contains both an acknowledgment by
15 a bank as defined in paragraph (8) of this
16 subsection that a sum of money has been received
17 by the bank and its promise to repay the sum of
18 money, which is considered a certificate of
19 deposit by the bank issuing it, even if the
20 writing provides that it is nontransferable or
21 uses similar language.

22 (C) The term does not include:

23 (i) investment property;

24 (ii) letters of credit; or

1 (iii) writings that evidence a right to payment arising
2 out of the use of a credit or charge card or
3 information contained on or for use with the
4 card.

5 (48) "Inventory" means goods, other than farm products, which:

6 (A) are leased by a person as lessor;

7 (B) are held by a person for sale or lease or to be
8 furnished under a contract of service;

9 (C) are furnished by a person under a contract of service;
10 or

11 (D) consist of raw materials, work in process, or
12 materials used or consumed in a business.

13 (49) "Investment property" means a security, whether
14 certificated or uncertificated, security entitlement, securities
15 account, commodity contract, or commodity account.

16 (50) "Jurisdiction of organization", with respect to a
17 registered organization, means the jurisdiction under whose law the
18 organization is formed or organized.

19 (51) "Letter-of-credit right" means a right to payment or
20 performance under a letter of credit, whether or not the beneficiary
21 has demanded or is at the time entitled to demand payment or
22 performance. The term does not include the right of a beneficiary
23 to demand payment or performance under a letter of credit.

24 (52) "Lien creditor" means:

- 1 (A) a creditor that has acquired a lien on the property
2 involved by attachment, levy, or the like;
3 (B) an assignee for benefit of creditors from the time of
4 assignment;
5 (C) a trustee in bankruptcy from the date of the filing of
6 the petition; or
7 (D) a receiver in equity from the time of appointment.

8 (53) (A) "Manufactured home" means a structure, transportable
9 in one or more sections, which:

10 (i) in the traveling mode, is eight (8) body feet or
11 more in width or forty (40) body feet or more in
12 length, or, when erected on site, is three
13 hundred twenty (320) or more square feet;

14 (ii) is built on a permanent chassis;

15 (iii) is designed to be used as a dwelling with or
16 without a permanent foundation when connected to
17 the required utilities; and

18 (iv) includes the plumbing, heating, air-conditioning,
19 and electrical systems contained therein.

20 (B) The term includes any structure that meets all of the
21 requirements of this paragraph except the size
22 requirements and with respect to which the
23 manufacturer voluntarily files a certification
24 required by the United States Secretary of Housing and

1 Urban Development and complies with the standards
2 established under Title 42 of the United States Code.

3 (54) "Manufactured-home transaction" means a secured
4 transaction:

5 (A) that creates a purchase-money security interest in a
6 manufactured home, other than a manufactured home held
7 as inventory; or

8 (B) in which a manufactured home, other than a
9 manufactured home held as inventory, is the primary
10 collateral.

11 (55) "Mortgage" means a consensual interest in real property,
12 including fixtures, which secures payment or performance of an
13 obligation.

14 (56) "New debtor" means a person that becomes bound as a debtor
15 under subsection (d) of Section 1-9-203 of this title by a security
16 agreement previously entered into by another person.

17 (57) (A) "New value" means:

18 (i) money;

19 (ii) money's worth in property, services, or new
20 credit; or

21 (iii) release by a transferee of an interest in
22 property previously transferred to the
23 transferee.

24

1 (B) The term does not include an obligation substituted
2 for another obligation.

3 (58) "Noncash proceeds" means proceeds other than cash
4 proceeds.

5 (59) (A) "Obligor" means a person that, with respect to an
6 obligation secured by a security interest in or an
7 agricultural lien on the collateral:

8 (i) owes payment or other performance of the
9 obligation;

10 (ii) has provided property other than the collateral
11 to secure payment or other performance of the
12 obligation; or

13 (iii) is otherwise accountable in whole or in part for
14 payment or other performance of the obligation.

15 (B) The term does not include issuers or nominated persons
16 under a letter of credit.

17 (60) "Original debtor" means a person that, as debtor, entered
18 into a security agreement to which a new debtor has become bound
19 under subsection (d) of Section 1-9-203 of this title.

20 (61) "Payment intangible" means a general intangible under
21 which the account debtor's principal obligation is a monetary
22 obligation.

23 (62) "Person related to", with respect to an individual, means:

24 (A) the spouse of the individual;

- 1 (B) a brother, brother-in-law, sister, or sister-in-law of
2 the individual;
- 3 (C) an ancestor or lineal descendant of the individual or
4 the individual's spouse; or
- 5 (D) any other relative, by blood or marriage, of the
6 individual or the individual's spouse who shares the
7 same home with the individual.

8 (63) "Person related to", with respect to an organization,
9 means:

- 10 (A) a person directly or indirectly controlling,
11 controlled by, or under common control with the
12 organization;
- 13 (B) an officer or director of, or a person performing
14 similar functions with respect to, the organization;
- 15 (C) an officer or director of, or a person performing
16 similar functions with respect to, a person described
17 in subparagraph (A);
- 18 (D) the spouse of an individual described in subparagraph
19 (A), (B), or (C) of this paragraph; or
- 20 (E) an individual who is related by blood or marriage to
21 an individual described in subparagraph (A), (B), (C),
22 or (D) of this paragraph and who shares the same home
23 with the individual.

24 (64) "Proceeds" means the following property:

- 1 (A) whatever is acquired upon the sale, lease, license,
2 exchange, or other disposition of collateral;
- 3 (B) whatever is collected on, or distributed on account
4 of, collateral;
- 5 (C) rights arising out of collateral;
- 6 (D) to the extent of the value of collateral, claims
7 arising out of the loss, nonconformity, or
8 interference with the use of, defects or infringement
9 of rights in, or damage to, the collateral; or
- 10 (E) to the extent of the value of collateral and to the
11 extent payable to the debtor or the secured party,
12 insurance payable by reason of the loss or
13 nonconformity of, defects or infringement of rights
14 in, or damage to, the collateral.

15 (65) "Promissory note" means an instrument that evidences a
16 promise to pay a monetary obligation, does not evidence an order to
17 pay, and does not contain an acknowledgment by a bank that the bank
18 has received for deposit a sum of money or funds.

19 (66) "Proposal" means a record authenticated by a secured party
20 which includes the terms on which the secured party is willing to
21 accept collateral in full or partial satisfaction of the obligation
22 it secures pursuant to Sections 1-9-620, 1-9-621, and 1-9-622 of
23 this title.
24

1 (67) "Public-finance transaction" means a secured transaction
2 in connection with which:

3 (A) debt securities are issued;

4 (B) all or a portion of the securities issued have an
5 initial stated maturity of at least twenty (20) years;
6 and

7 (C) the debtor, obligor, secured party, account debtor or
8 other person obligated on collateral, assignor or
9 assignee of a secured obligation, or assignor or
10 assignee of a security interest is a state or a
11 governmental unit of a state.

12 (68) "Public organic record" means a record that is available
13 to the public for inspection and that is:

14 (A) a record consisting of the record initially filed with
15 or issued by a state or the United States to form or
16 organize an organization and any record filed with or
17 issued by the state or the United States which amends
18 or restates the initial record;

19 (B) an organic record of a business trust consisting of
20 the record initially filed with a state and any record
21 filed with the state which amends or restates the
22 initial record, if a statute of the state governing
23 business trusts requires that the record be filed with
24 the state; or

1 (C) a record consisting of legislation enacted by the
2 Legislature of a state or the Congress of the United
3 States which forms or organizes an organization, any
4 record amending the legislation, and any record filed
5 with or issued by the state or United States which
6 amends or restates the name of the organization.

7 (69) "Pursuant to commitment", with respect to an advance made
8 or other value given by a secured party, means pursuant to the
9 secured party's obligation, whether or not a subsequent event of
10 default or other event not within the secured party's control has
11 relieved or may relieve the secured party from its obligation.

12 (70) "Record", except as used in "for record", "of record",
13 "record or legal title", and "record owner", means information that
14 is inscribed on a tangible medium or which is stored in an
15 electronic or other medium and is retrievable in perceivable form.

16 (71) "Registered organization" means an organization formed or
17 organized solely under the law of a single state or the United
18 States by the filing of a public organic record with, the issuance
19 of a public organic record by, or the enactment of legislation by
20 the state or United States. The term includes a business trust that
21 is formed or organized under the law of a single state if a statute
22 of the state governing business trusts requires that the business
23 trusts' organic record be filed with the state.

24 (72) "Secondary obligor" means an obligor to the extent that:

- 1 (A) the obligor's obligation is secondary; or
2 (B) the obligor has a right of recourse with respect to an
3 obligation secured by collateral against the debtor,
4 another obligor, or property of either.

5 (73) "Secured party" means:

- 6 (A) a person in whose favor a security interest is created
7 or provided for under a security agreement, whether or
8 not any obligation to be secured is outstanding;
9 (B) a person that holds an agricultural lien;
10 (C) a consignor;
11 (D) a person to which accounts, chattel paper, payment
12 intangibles, or promissory notes have been sold;
13 (E) a trustee, indenture trustee, agent, collateral agent,
14 or other representative in whose favor a security
15 interest or agricultural lien is created or provided
16 for; or
17 (F) a person that holds a security interest arising under
18 Section 2-401, 2-505, paragraph (3) of Section 2-711,
19 paragraph (5) of Section 2A-508, 4-210, or 5-118 of
20 this title.

21 (74) "Security agreement" means an agreement that creates or
22 provides for a security interest.

23 (75) "Send", in connection with a record or notification,
24 means:

1 (A) to deposit in the mail, deliver for transmission, or
2 transmit by any other usual means of communication,
3 with postage or cost of transmission provided for,
4 addressed to any address reasonable under the
5 circumstances; or

6 (B) to cause the record or notification to be received
7 within the time that it would have been received if
8 properly sent under subparagraph (A) of this
9 paragraph.

10 (76) "Software" means a computer program and any supporting
11 information provided in connection with a transaction relating to
12 the program. The term does not include a computer program that is
13 included in the definition of goods.

14 (77) "State" means a state of the United States, the District
15 of Columbia, Puerto Rico, the United States Virgin Islands, or any
16 territory or insular possession subject to the jurisdiction of the
17 United States.

18 (78) "Supporting obligation" means a letter-of-credit right or
19 secondary obligation that supports the payment or performance of an
20 account, chattel paper, a document, a general intangible, an
21 instrument, or investment property.

22 (79) "Tangible chattel paper" means chattel paper evidenced by
23 a record or records consisting of information that is inscribed on a
24 tangible medium.

1 (80) "Termination statement" means an amendment of a financing
2 statement which:

3 (A) identifies, by its file number, the initial financing
4 statement to which it relates; and

5 (B) indicates either that it is a termination statement or
6 that the identified financing statement is no longer
7 effective.

8 (81) "Transmitting utility" means a person primarily engaged in
9 the business of:

10 (A) operating a railroad, subway, street railway, or
11 trolley bus;

12 (B) transmitting communications electrically,
13 electromagnetically, or by light;

14 (C) transmitting goods by pipeline or sewer; or

15 (D) transmitting or producing and transmitting
16 electricity, steam, gas, or water.

17 (b) "Control" as provided in Section 7-106 of this title and
18 the following definitions in other articles of this title apply to
19 this article:

20 "Applicant" - Section 5-102 of this title.

21 "Beneficiary" - Section 5-102 of this title.

22 "Broker" - Section 8-102 of this title.

23 "Certificated security" - Section 8-102 of this title.

24 "Check" - Section 3-104 of this title.

1 "Clearing corporation" - Section 8-102 of this title.
2 "Contract for sale" - Section 2-106 of this title.
3 "Customer" - Section 4-104 of this title.
4 "Entitlement holder" - Section 8-102 of this title.
5 "Financial asset" - Section 8-102 of this title.
6 "Holder in due course" - Section 3-302 of this title.
7 "Issuer" (with respect to a letter of credit or letter-of-credit
8 right)- Section 5-102 of this title.
9 "Issuer" - (with respect to a security) - Section 8-201 of this
10 title.
11 "Issuer" - (with respect to documents of title) - Section 7-102
12 of this title.
13 "Lease" - Section 2A-103 of this title.
14 "Lease agreement" - Section 2A-103 of this title.
15 "Lease contract" - Section 2A-103 of this title.
16 "Leasehold interest" - Section 2A-103 of this title.
17 "Lessee" - Section 2A-103 of this title.
18 "Lessee in ordinary course of business" - Section 2A-103 of this
19 title.
20 "Lessor" - Section 2A-103 of this title.
21 "Lessor's residual interest" - Section 2A-103 of this title.
22 "Letter of credit" - Section 5-102 of this title.
23 "Merchant" - Section 2-104 of this title.
24 "Negotiable instrument" - Section 3-104 of this title.

1 "Nominated person" - Section 5-102 of this title.

2 "Note" - Section 3-104 of this title.

3 "Proceeds of a letter of credit" - Section 5-114 of this title.

4 "Prove" - Section 3-103 of this title.

5 "Sale" - Section 2-106 of this title.

6 "Securities account" - Section 8-501 of this title.

7 "Securities intermediary" - Section 8-102 of this title.

8 "Security" - Section 8-102 of this title.

9 "Security certificate" - Section 8-102 of this title.

10 "Security entitlement" - Section 8-102 of this title.

11 "Uncertificated security" - Section 8-102 of this title.

12 (c) Article 1 of this title contains general definitions and
13 principles of construction and interpretation applicable throughout
14 this article.

15 SECTION 3. This act shall become effective November 1, 2024.

16
17 COMMITTEE REPORT BY: COMMITTEE ON BANKING, FINANCIAL SERVICES AND
18 PENSIONS, dated 02/13/2024 - DO PASS, As Amended.