LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1187

Introduced by Flood, 19.
Read first time January 20, 2022
Committee: Banking, Commerce and Insurance

A BILL FOR AN ACT relating to banking and finance; to amend sections
1-201, 9-102, 9-107A, 9-301, 9-310, 9-312, 9-314, 9-331, 9-406,
12-101, 12-101A, 12-102, 12-103, 12-104, 12-105, 12-106, 12-107,
12-108, and 12-109, Uniform Commercial Code, Revised Statutes
Supplement, 2021; to change provisions relating to controllable
electronic records; to repeal the original sections; and to declare
an emergency.
Be it enacted by the people of the State of Nebraska,
Section 1. Section 1-201, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

1-201 General definitions.

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

(b) Subject to definitions contained in other articles of the code that apply to particular articles or parts thereof:

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

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

(3) "Agreement", as distinguished from "contract", means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in section 1-303.

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

(5) "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title, or certificated security that is payable to bearer or indorsed in blank.

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

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

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

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

(10) "Conspicuous", with reference to a term, means so written,
displayed, or presented that 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:

(A) 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

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

(12) "Contract", as distinguished from "agreement", means the total legal obligation that results from the parties' agreement as determined by the Uniform Commercial Code as supplemented by any other applicable laws.

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

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

(15) "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 chattel paper means voluntary transfer of possession.

(16) "Document of title" means a record (i) that in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold, and dispose of the record and the goods the record covers and (ii) that purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass. The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods. An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

(16A) "Electronic" means relating to technology having electrical,
digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(17) "Fault" means a default, breach, or wrongful act or omission.

(18) "Fungible goods" means:

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

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

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

(20) "Good faith" means honesty in fact in the conduct or transaction concerned.

(21) "Holder" means:

(A) 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;

(B) 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

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

(22) "Insolvency proceeding" includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

(23) "Insolvent" means:

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

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

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

(24) "Money" means a medium of exchange currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.
"Organization" means a person other than an individual.

"Party", as distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to the Uniform Commercial Code.

"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.

"Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

"Purchase" means taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

"Purchaser" means a person that takes by purchase.

"Record" means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

"Remedy" means any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

"Representative" means a person empowered to act for another, including an agent, an officer of a corporation or association, and a trustee, a personal representative, an executor, or an administrator of an estate.

"Right" includes remedy.

"Security interest" means an interest in personal property or
fixtures which secures payment or performance of an obligation. "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to article 9. "Security interest" does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under section 2-401, but a buyer may also acquire a "security interest" by complying with article 9. Except as otherwise provided in section 2-505, the right of a seller or lessor of goods under article 2 or 2A to retain or acquire possession of the goods is not a "security interest", but a seller or lessor may also acquire a "security interest" by complying with article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under section 2-401 is limited in effect to a reservation of a "security interest". Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to section 1-203. "Security interest" does not include a consumer rental purchase agreement as defined in the Consumer Rental Purchase Agreement Act.

(36) "Send" in connection with a writing, record, or notice means:

(A) to deposit in the mail or deliver for transmission 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

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

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

(38) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.
"Surety" includes a guarantor or other secondary obligor.

"Term" means a portion of an agreement that relates to a particular matter.

"Unauthorized signature" means a signature made without actual, implied, or apparent authority. The term includes a forgery.

"Warehouse receipt" means a receipt issued by a person engaged in the business of storing goods for hire.

"Writing" includes printing, typewriting, or any other intentional reduction to tangible form. "Written" has a corresponding meaning.

Sec. 2. Section 9-102, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

9-102 Definitions and index of definitions.

(a) In this article:

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

(2) "Account", except as used in "account for", 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 health-care-insurance receivables. The term does not include (i) rights to payment evidenced by chattel paper or an
instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or (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.

(3) "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 instrument constitutes part of chattel paper.

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

(A) authenticated by a secured party;

(B) 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

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

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

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

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

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

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

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

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

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

The term also includes every lien created under sections 52-202,
52-501, 52-701, 52-901, 52-1101, 52-1201, 54-201, and 54-208, Reissue Revised Statutes of Nebraska, and Chapter 52, article 14, Reissue Revised Statutes of Nebraska.

(6) "As-extracted collateral" means:

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

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

(ii) attaches to the minerals as extracted; or

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

(7) "Authenticate" means:

(A) to sign; or

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

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

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

(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over
the rights of a lien creditor with respect to the collateral.

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

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

(A) proceeds to which a security interest attaches;
(B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
(C) goods that are the subject of a consignment.

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

(A) the claimant is an organization; or
(B) the claimant is an individual and the claim:
(i) arose in the course of the claimant's business or profession; and
(ii) does not include damages arising out of personal injury to or the death of an individual.

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

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

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

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

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

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

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

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

(18) "Communicate" means:

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

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

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

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

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

(A) the merchant:
(i) deals in goods of that kind under a name other than the name of
the person making delivery;

(ii) is not an auctioneer; and

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

(B) with respect to each delivery, the aggregate value of the goods
is one thousand dollars or more at the time of delivery;

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

and

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

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

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

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

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

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

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

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

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

(27) "Continuation statement" means an amendment of a financing
statement which:
(A) identifies, by its file number, the initial financing statement to which it relates; and

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

(28) "Debtor" means:

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

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

(C) a consignee.

(29) "Deposit account" means a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

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

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

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

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

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

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

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

(ii) aquatic goods produced in aquacultural operations;

(B) livestock, born or unborn, including aquatic goods produced in
aquacultural operations;
(C) supplies used or produced in a farming operation; or
(D) products of crops or livestock in their unmanufactured states.

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

(36) "File number" means the number assigned to an initial financing
statement pursuant to section 9-519(a).

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

(38) "Filing-office rule" means a rule adopted pursuant to section
9-526.

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

(40) "Fixture filing" means the filing of a financing statement
covering goods that are or are to become fixtures and satisfying section
9-502(a) and (b). The term includes the filing of a financing statement
covering goods of a transmitting utility which are or are to become
fixtures.

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

(42) "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 payment
intangibles and software.

(43) "Good faith" means honesty in fact and the observance of
reasonable commercial standards of fair dealing.
(44) "Goods" means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

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

(46) "Health-care-insurance receivable" means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided or to be provided.

(47) "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 including, but not limited to, a writing that
would otherwise qualify as a certificate of deposit (defined in section
3-104(j)) but for the fact that the writing contains a limitation on
transfer. 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.

(48) "Inventory" means goods, other than farm products, which:
(A) are leased by a person as lessor;
(B) are held by a person for sale or lease or to be furnished under
a contract of service;
(C) are furnished by a person under a contract of service; or
(D) consist of raw materials, work in process, or materials used or
consumed in a business.

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

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

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

(52) "Lien creditor" means:
(A) a creditor that has acquired a lien on the property involved by
attachment, levy, or the like;
(B) an assignee for benefit of creditors from the time of
assignment;
(C) a trustee in bankruptcy from the date of the filing of the
petition; or

(D) a receiver in equity from the time of appointment.

(53) "Manufactured home" means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this subdivision except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.

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

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

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

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

(56) "New debtor" means a person that becomes bound as debtor under section 9-203(d) by a security agreement previously entered into by another person.

(57) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

(58) "Noncash proceeds" means proceeds other than cash proceeds.
(59) "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

(60) "Original debtor", except as used in section 9-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under section 9-203(d).

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

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

(A) the spouse of the individual;

(B) a brother, brother-in-law, sister, or sister-in-law of the individual;

(C) an ancestor or lineal descendant of the individual or the individual's spouse; or

(D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

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

(A) a person directly or indirectly controlling, controlled by, or under common control with the organization;

(B) an officer or director of, or a person performing similar functions with respect to, the organization;

(C) an officer or director of, or a person performing similar functions with respect to, a person described in subdivision (A);

(D) the spouse of an individual described in subdivision (A), (B), or (C); or

(E) an individual who is related by blood or marriage to an
individual described in subdivision (A), (B), (C), or (D) and shares the same home with the individual.

(64) "Proceeds", except as used in section 9-609(b), means the following property:

(A) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;
(B) whatever is collected on, or distributed on account of, collateral;
(C) rights arising out of collateral;
(D) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or
(E) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

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

(66) "Proposal" means a record authenticated 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 9-620, 9-621, and 9-622.

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

(A) debt securities are issued;
(B) all or a portion of the securities issued have an initial stated maturity of at least twenty years; and
(C) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured
obligation, or assignor or assignee of a security interest is a state or
a governmental unit of a state.

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

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

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

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

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

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

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

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

(A) the obligor's obligation is secondary; or

(B) the obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

(73) "Secured party" means:

(A) a person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) a person that holds an agricultural lien;

(C) a consignor;

(D) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(E) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(F) a person that holds a security interest arising under section 2-401, 2-505, 2-711(3), 2A-508(5), 4-210, or 5-118.

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

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

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

(B) to cause the record or notification to be received within the time that it would have been received if properly sent under subdivision
(76) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

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

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

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

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

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

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

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

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

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

(C) transmitting goods by pipeline or sewer; or

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

(b) "Control" as provided in section 7-106 and the following definitions in other articles apply to this article:
1 "Applicant". Section 5-102.
2 "Beneficiary". Section 5-102.
3 "Broker". Section 8-102.
4 "Certificated security". Section 8-102.
5 "Check". Section 3-104.
6 "Clearing corporation". Section 8-102.
7 "Contract for sale". Section 2-106.
8 "Controllable electronic record". Section 12-102.
9 "Customer". Section 4-104.
10 "Entitlement holder". Section 8-102.
11 "Financial asset". Section 8-102.
12 "Holder in due course". Section 3-302.
13 "Issuer" (with respect to
14 a letter of credit or
15 letter-of-credit right). Section 5-102.
16 "Issuer" (with respect to
17 a security). Section 8-201.
18 "Issuer" (with respect to
19 a document of title). Section 7-102.
20 "Lease". Section 2A-103.
21 "Lease agreement". Section 2A-103.
22 "Lease contract". Section 2A-103.
23 "Leasehold interest". Section 2A-103.
24 "Lessee". Section 2A-103.
25 "Lessee in ordinary course
26 of business". Section 2A-103.
27 "Lessor". Section 2A-103.
28 "Lessor's residual interest". Section 2A-103.
29 "Letter of credit". Section 5-102.
30 "Merchant". Section 2-104.
(c) Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 3. Section 9-107A, Uniform Commercial Code, Reissue Revised Statutes of Nebraska, is amended to read:

9-107A Control of account, payment intangible, or controllable electronic record.

(a) A secured party has "control" of an account or payment intangible if:

(1) the account or payment intangible is included in the benefit that can be derived from a controllable electronic record; and

(2) the secured party has control of the controllable electronic record.

(b) A secured party has "control" of a controllable electronic record as provided in section 12-105.

Sec. 4. Section 9-301, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

9-301 Law governing perfection and priority of security interests.

Except as otherwise provided in sections 9-303 to 9-306, the following rules determine the law governing perfection, the effect of
perfection or nonperfection, and the priority of a security interest in collateral:

(1) Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral.

(2) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral.

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

(A) perfection of a security interest in the goods by filing a fixture filing;
(B) perfection of a security interest in timber to be cut; and
(C) the effect of perfection or nonperfection and the priority of a nonpossessory security interest in the collateral.

(4) The local law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

(5) While a debtor is located in a jurisdiction that is not a state, the local law of the State of Nebraska governs:

(A) perfection by control of a security interest in an account, controllable electronic record, or payment intangible; and
(B) the effect of perfection or nonperfection and the priority of a security interest in an account, controllable electronic record, or payment intangible perfected by control.

Sec. 5. Section 9-310, Uniform Commercial Code, Revised Statutes
Supplement, 2021, is amended to read:

9-310 When filing required to perfect security interest or agricultural lien; security interests and agricultural liens to which filing provisions do not apply.

(a) Except as otherwise provided in subsection (b) and section 9-312(b), a financing statement must be filed to perfect all security interests and agricultural liens.

(b) The filing of a financing statement is not necessary to perfect a security interest:

(1) that is perfected under section 9-308(d), (e), (f), or (g);

(2) that is perfected under section 9-309 when it attaches;

(3) in property subject to a statute, regulation, or treaty described in section 9-311(a);

(4) in goods in possession of a bailee which is perfected under section 9-312(d)(1) or (2);

(5) in certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under section 9-312(e), (f), or (g);

(6) in collateral in the secured party's possession under section 9-313;

(7) in a certificated security which is perfected by delivery of the security certificate to the secured party under section 9-313;

(8) in deposit accounts, electronic chattel paper, electronic documents, investment property, accounts, payment intangibles, controllable electronic records, or letter-of-credit rights which is perfected by control under section 9-314;

(9) in proceeds which is perfected under section 9-315; or

(10) that is perfected under section 9-316.

(c) If a secured party assigns a perfected security interest or agricultural lien, a filing under this article is not required to continue the perfected status of the security interest against creditors.
of and transferees from the original debtor.

Sec. 6. Section 9-312, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

9-312 Perfection of security interests in chattel paper, deposit accounts, documents, goods covered by documents, instruments, investment property, controllable electronic records, certain accounts and payment intangibles, letter-of-credit rights, and money; perfection by permissive filing; temporary perfection without filing or transfer of possession.

(a) A security interest in chattel paper, negotiable documents, instruments, investment property, controllable electronic records, and accounts or payment intangibles that are included in the benefit that can be derived from a controllable electronic record may be perfected by filing.

(b) Except as otherwise provided in section 9-315(c) and (d) for proceeds:

(1) a security interest in a deposit account may be perfected only by control under section 9-314;

(2) and except as otherwise provided in section 9-308(d), a security interest in a letter-of-credit right may be perfected only by control under section 9-314; and

(3) a security interest in money may be perfected only by the secured party's taking possession under section 9-313.

(c) While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

(1) a security interest in the goods may be perfected by perfecting a security interest in the document; and

(2) 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.

(d) 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:

(1) issuance of a document in the name of the secured party;
(2) the bailee's receipt of notification of the secured party's interest; or
(3) filing as to the goods.

(e) 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 security agreement.

(f) 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:

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

(g) 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:

(1) ultimate sale or exchange; or
(2) presentation, collection, enforcement, renewal, or registration of transfer.

(h) After the twenty-day period specified in subsection (e), (f), or (g) expires, perfection depends upon compliance with this article.

Sec. 7. Section 9-314, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

9-314 Perfection by control.
(a) A security interest in investment property, deposit accounts, payment intangibles, controllable electronic records, letter-of-credit rights, electronic chattel paper, or electronic documents may be perfected by control of the collateral under section 7-106, 9-104, 9-105, 9-106, 9-107, or 9-107A.

(b) A security interest in deposit accounts, electronic chattel paper, accounts, payment intangibles, controllable electronic records, letter-of-credit rights, or electronic documents is perfected by control under section 7-106, 9-104, 9-105, 9-107, or 9-107A when the secured party obtains control and remains perfected by control only while the secured party retains control.

(c) A security interest in investment property is perfected by control under section 9-106 from the time the secured party obtains control and remains perfected by control until:

   (1) the secured party does not have control; and

   (2) one of the following occurs:

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

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

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

Sec. 8. Section 9-331, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

9-331 Priority of rights of purchasers of instruments, documents, securities, and controllable electronic records under other articles; priority of interests in financial assets and security entitlements under article 8 and controllable electronic records under article 12.

(a) 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
qualified purchaser of a controllable electronic record. These holders or
purchasers take priority over an earlier security interest, even if
perfected, to the extent provided in articles 3, 7, 8, and 12.

(b) 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 12.

(c) Filing under this article does not constitute notice of a claim
or defense to the holders, or purchasers, or persons described in
subsections (a) and (b).

Sec. 9. Section 9-406, Uniform Commercial Code, Revised Statutes
Supplement, 2021, is amended to read:

9-406 Discharge of account debtor; notification of assignment;
identification and proof of assignment; restrictions on assignment of
accounts, chattel paper, payment intangibles, and promissory notes
ineffective.

(a) Subject to subsections (b) through (i) and (k), 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 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.

(b) Subject to subsections (h) and (k), notification is ineffective
under subsection (a):

(1) if it does not reasonably identify the rights assigned;

(2) to the extent that an agreement between an account debtor and a
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

(3) at the option of an account debtor, if the notification notifies
the account debtor to make less than the full amount of any installment
or other periodic payment to the assignee, even if:

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

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

(C) the account debtor knows that the assignment to that assignee is
limited.

c) Subject to subsections (h) and (k), if requested by the account
debtor, an assignee shall seasonably furnish reasonable proof that the
assignment has been made. Unless the assignee complies, the account
debtor may discharge its obligation by paying the assignor, even if the
account debtor has received a notification under subsection (a).

d) Except as otherwise provided in subsection (e) and sections
2A-303 and 9-407, and subject to subsection (h), a term in an agreement
between an account debtor and an assignor or in a promissory note is
ineffective to the extent that it:

(1) 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

(2) 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.

e) Subsection (d) does not apply to the sale of a payment
intangible or promissory note, other than a sale pursuant to a
disposition under section 9-610 or an acceptance of collateral under
section 9-620.

(f) Except as otherwise provided in sections 2A-303 and 9-407, and
subject to subsections (h) and (i), 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:
(1) 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
(2) 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.
(g) Subject to subsections (h) and (k), an account debtor may not
waive or vary its option under subdivision (b)(3).
(h) 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.
(i) This section does not apply to an assignment of a health-care-
insurance receivable.
(j) This section prevails over any inconsistent provisions of the
law of this state.
(k) Subsections (a) through (c) and (g) do not apply to an account
or payment intangible that is included in the benefit that can be derived
from a controllable electronic record.
Sec. 10. Section 12-101, Uniform Commercial Code, Revised Statutes
Supplement, 2021, is amended to read:
12-101 Short title.
This article may be cited as Uniform Commercial Code—Controllable Electronic Records.

Sec. 11. Section 12-101A, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-101A Intent.

(a) The Joint Committee on the Uniform Commercial Code and Emerging Technologies of the Uniform Law Commission has developed draft Uniform Commercial Code provisions governing certain digital assets, specifically those that fall within the definition of "controllable electronic records". The current draft has been extensively vetted by those who understand and participate in digital transactions.

(b) Adoption of the Uniform Law Commission's draft by the 2021 Nebraska Legislature will create a considerable and necessary advantage for Nebraska to lead in emerging industries utilizing blockchain, digital ledger technology, virtual currencies, and other digital assets and would provide a sensible framework and legal certainty for transactions of controllable electronic records. In subsequent sessions, if necessary, the Nebraska Legislature will review and adopt conforming amendments to the provisions of the Uniform Commercial Code on controllable electronic records to remain consistent with the language and intent of the final proposal of the Joint Committee on the Uniform Commercial Code and Emerging Technologies of the Uniform Law Commission.

Sec. 12. Section 12-102, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-102 Definitions.

(a) In this article, "controllable electronic record" means an electronic record that can be subjected to control (section 12-105). The term does not include electronic chattel paper, electronic documents, investment property, and transferable records under the Uniform Electronic Transactions Act.

(b) The definitions of "account," "account debtor," "authenticate,"
"electronic chattel paper," "investment property," and "payment intangible" in article 9 apply to this article.

Sec. 13. Section 12-103, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-103 Scope.

This article applies to controllable electronic records.

Sec. 14. Section 12-104, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-104 Rights in controllable electronic records and certain accounts and payment intangibles.

(a) In this section:

(1) "Adverse claim" means a claim that a claimant has a property interest in a controllable electronic record and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the controllable electronic record.

(2) "Qualified purchaser" means a purchaser of a controllable electronic record or an interest therein that obtains control of a controllable electronic record for value and without notice of any adverse claim. The term includes a person that acquires rights in a controllable electronic record by a transfer of control under subsection (d).

(b) Subject to subsections (c) through (i), law other than this article 12 determines whether a person acquires rights in a controllable electronic record and the rights that the person acquires.

(c) A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer.

(d) A person having control of, but no rights in, a controllable electronic record has power to transfer rights in the controllable electronic record by voluntarily transferring control to a person that obtains control for value and without notice of any adverse claim.
(e) A purchaser of a limited interest acquires rights only to the extent of the interest purchased.

(f) In addition to acquiring the rights of a purchaser, a qualified purchaser acquires its rights in the controllable electronic record and any account or payment intangible that is included in the benefit that can be derived from the controllable electronic record free of any adverse claim.

(g) An action based on an adverse claim to a controllable electronic record or an account or payment intangible that is included in the benefit that can be derived from a controllable electronic record, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a qualified purchaser that acquires its interest in, and obtains control of, a controllable electronic record for value and without notice of the adverse claim.

(h) A person has notice of an adverse claim if:

(1) the person knows of the adverse claim; or

(2) the person is aware of facts sufficient to indicate that there is a significant probability that the adverse claim exists and deliberately avoids information that would establish the existence of the adverse claim.

(i) Filing of a financing statement under article 9 is not notice of an adverse claim to a controllable electronic record.

Sec. 15. Section 12-105, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-105 Control of controllable electronic record.

(a) A person has "control" of a controllable electronic record if:

(1) the following conditions are met:

(A) the controllable electronic record or the system in which it is recorded, if any, gives the person:

(i) the power to derive substantially all the benefit from the controllable electronic record;
(ii) subject to subsection (b), the exclusive power to prevent others from deriving substantially all the benefit from the controllable electronic record; and

(iii) subject to subsection (b), the exclusive power to transfer control of the controllable electronic record to another person or cause another person to obtain control of a controllable electronic record that derives from the controllable electronic record; and

(B) the controllable electronic record, a record attached to or logically associated with the controllable electronic record, or the system in which the controllable electronic record is recorded, if any, enables the person to readily identify itself as having the powers specified in subparagraph (A); or

(2) another person obtains control of the controllable electronic record on behalf of the person, or having previously obtained control of the controllable electronic record, acknowledges that it has control on behalf of the person.

(b) A power specified in subparagraph (a)(1)(A)(ii) or (a)(1)(A)(iii) can be "exclusive," even if:

(1) the controllable electronic record or the system in which it is recorded, if any, limits the use to which the controllable electronic record may be put or has protocols that are programmed to result in a transfer of control; and

(2) the person has agreed to share the power with another person.

(c) For the purposes of subparagraph (a)(1)(B), a person may be identified in any way, including by name, identifying number, cryptographic key, office, or account number.

Sec. 16. Section 12-106, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-106 Discharge of account debtor on account or payment intangible included in controllable electronic record.

(a) Subject to subsections (b) through (f), if an account or payment
intangible is included in the benefit that can be derived from a controllable electronic record, the account debtor may discharge its obligation on the account or payment intangible:

(1) by paying the person having control of the controllable electronic record; or

(2) by paying a person that formerly had control of the controllable electronic record.

(b) Subject to subsection (f), an account debtor may not discharge its obligation by paying a person that formerly had control if, before the payment, the account debtor receives a notification, authenticated by the person having control, that notifies the account debtor that the person has control of the controllable electronic record, reasonably identifies the controllable electronic record, and provides a reasonable method by which the account debtor is to make payments. After receipt of the notification, the account debtor may discharge its obligation by paying in accordance with the notification and may not discharge the obligation by paying a person that formerly had control.

(c) Subject to subsection (f), notification is ineffective under subsection (b):

(1) to the extent that an agreement between an account debtor and a 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

(2) at the option of the account debtor, if the notification notifies the account debtor to divide a payment and send portions by more than one method.

(d) Subject to subsection (f), if requested by the account debtor, the person giving the notification shall seasonably furnish reasonable proof that the person has control of the controllable electronic record. Unless the person complies, 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 (b).

(e) Subject to subsection (f), an account debtor may not waive or vary its option under subsection (c)(2).

(f) 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. 17. Section 12-107, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-107 Governing law.

Unless otherwise agreed to by the parties, the laws of the State of Nebraska shall govern any actions taken pursuant to this article.

Sec. 18. Section 12-108, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-108 Applicability.

This article applies to any transaction involving a controllable electronic record that arises on or after July 1, 2023. This article does not apply to any transaction involving a controllable electronic record that arises before July 1, 2023, even if the transaction would be subject to this article if the transaction had arisen on or after July 1, 2023. 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, 2023.

Sec. 19. Section 12-109, Uniform Commercial Code, Revised Statutes Supplement, 2021, is amended to read:

12-109 Savings clause.

Any transaction involving a controllable electronic record that arose before July 1, 2023, and the rights, obligations, and interests flowing from that transaction are governed by any statute or other rule amended or repealed by Laws 2021, LB649, as if such amendment or repeal had not occurred and may be terminated, completed, consummated,

Sec. 21. Since an emergency exists, this act takes effect when passed and approved according to law.