

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 94

FINAL READING

Introduced by Slama, 1; DeBoer, 10.

Read first time January 06, 2023

Committee: Banking, Commerce and Insurance

1 A BILL FOR AN ACT relating to the Uniform Commercial Code; to amend
2 sections 1-204, 1-301, 1-306, 2-102, 2-106, 2-201, 2-202, 2-203,
3 2-205, 2-209, 2A-102, 2A-103, 2A-107, 2A-201, 2A-202, 2A-203,
4 2A-205, 2A-208, 3-104, 3-105, 3-401, 3-604, 4A-103, 4A-201, 4A-202,
5 4A-203, 4A-207, 4A-208, 4A-210, 4A-211, 4A-305, 5-104, 5-116, 7-102,
6 7-106, 8-102, 8-103, 8-106, 8-110, 8-303, 9-104, 9-105, 9-203,
7 9-204, 9-207, 9-208, 9-209, 9-210, 9-304, 9-305, 9-313, 9-316,
8 9-317, 9-323, 9-324, 9-330, 9-332, 9-334, 9-341, 9-404, 9-408,
9 9-509, 9-513, 9-601, 9-605, 9-608, 9-611, 9-613, 9-614, 9-615,
10 9-616, 9-619, 9-620, 9-621, 9-624, and 9-628, Uniform Commercial
11 Code, Reissue Revised Statutes of Nebraska, and sections 1-201,
12 9-102, 9-107A, 9-301, 9-310, 9-312, 9-314, 9-331, 9-406, 12-102,
13 12-103, 12-104, 12-105, 12-106, and 12-107, Uniform Commercial Code,
14 Revised Statutes Cumulative Supplement, 2022; to adopt provisions
15 regarding interpretation, controllable electronic records, control
16 of intangible property, controllable accounts, controllable payment
17 intangibles, hybrid transactions, negotiable instruments,
18 transactions involving digital assets, and security interest in
19 digital assets and electronic money; to provide, change, and
20 eliminate definitions; to provide transition rules; to harmonize
21 provisions; to repeal the original sections; and to outright repeal
22 sections 12-101A, 12-108, and 12-109, Uniform Commercial Code,

- 1 Revised Statutes Cumulative Supplement, 2022.
- 2 Be it enacted by the people of the State of Nebraska,

1 Section 1. The Uniform Commercial Code is amended by adding a new
2 section:

3 1-112 Uniform Commercial Code, how construed.

4 The Uniform Commercial Code shall not be construed to support,
5 endorse, create, or implement a national digital currency or central bank
6 digital currency.

7 Sec. 2. Section 1-201, Uniform Commercial Code, Revised Statutes
8 Cumulative Supplement, 2022, is amended to read:

9 1-201 General definitions.

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

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

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

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

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

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

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

31 (6) "Bill of lading" means a document of title evidencing the

1 receipt of goods for shipment issued by a person engaged in the business
2 of directly or indirectly transporting or forwarding goods. The term does
3 not include a warehouse receipt.

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

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

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

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

31 ~~(A) a heading in capitals equal to or greater in size than the~~

1 ~~surrounding text, or in contrasting type, font, or color to the~~
2 ~~surrounding text of the same or lesser size; and~~

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

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

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

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

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

21 (15) "Delivery" with respect to an electronic document of title
22 means voluntary transfer of control and with respect to an instrument, a
23 tangible document of title, or an authoritative tangible copy of a record
24 evidencing chattel paper means voluntary transfer of possession.

25 (16) "Document of title" means a record (i) that in the regular
26 course of business or financing is treated as adequately evidencing that
27 the person in possession or control of the record is entitled to receive,
28 control, hold, and dispose of the record and the goods the record covers
29 and (ii) that purports to be issued by or addressed to a bailee and to
30 cover goods in the bailee's possession which are either identified or are
31 fungible portions of an identified mass. The term includes a bill of

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

7 (16A) "Electronic" means relating to technology having electrical,
8 digital, magnetic, wireless, optical, electromagnetic, or similar
9 capabilities.

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

11 (18) "Fungible goods" means:

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

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

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

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

18 (21) "Holder" means:

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

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

25 (C) the person in control, other than pursuant to section 7-106(g),
26 of a negotiable electronic document of title.

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

30 (23) "Insolvent" means:

31 (A) having generally ceased to pay debts in the ordinary course of

1 business other than as a result of bona fide dispute;

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

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

4 (24) "Money" means a medium of exchange that is currently authorized
5 or adopted by a domestic or foreign government. The term includes a
6 monetary unit of account established by an intergovernmental organization
7 or by agreement between two or more countries. The term does not include
8 an electronic record that is a medium of exchange recorded and
9 transferable in a system that existed and operated for the medium of
10 exchange before the medium of exchange was authorized or adopted by the
11 government.

12 (25) "Organization" means a person other than an individual.

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

16 (27) "Person" means an individual, corporation, business trust,
17 estate, trust, partnership, limited liability company, association, joint
18 venture, government, governmental subdivision, agency, or
19 instrumentality, ~~public corporation,~~ or any other legal or commercial
20 entity. The term includes a protected series, however denominated, of an
21 entity if the protected series is established under law other than the
22 Uniform Commercial Code that limits, or limits if conditions specified
23 under the law are satisfied, the ability of a creditor of the entity or
24 of any other protected series of the entity to satisfy a claim from
25 assets of the protected series.

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

1 transaction is entered into.

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

5 (30) "Purchaser" means a person that takes by purchase.

6 (31) "Record" means information that is inscribed on a tangible
7 medium or that is stored in an electronic or other medium and is
8 retrievable in perceivable form.

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

11 (33) "Representative" means a person empowered to act for another,
12 including an agent, an officer of a corporation or association, and a
13 trustee, a personal representative, an executor, or an administrator of
14 an estate.

15 (34) "Right" includes remedy.

16 (35) "Security interest" means an interest in personal property or
17 fixtures which secures payment or performance of an obligation. "Security
18 interest" includes any interest of a consignor and a buyer of accounts,
19 chattel paper, a payment intangible, or a promissory note in a
20 transaction that is subject to article 9. "Security interest" does not
21 include the special property interest of a buyer of goods on
22 identification of those goods to a contract for sale under section 2-401,
23 but a buyer may also acquire a "security interest" by complying with
24 article 9. Except as otherwise provided in section 2-505, the right of a
25 seller or lessor of goods under article 2 or 2A to retain or acquire
26 possession of the goods is not a "security interest", but a seller or
27 lessor may also acquire a "security interest" by complying with article
28 9. The retention or reservation of title by a seller of goods
29 notwithstanding shipment or delivery to the buyer under section 2-401 is
30 limited in effect to a reservation of a "security interest". Whether a
31 transaction in the form of a lease creates a "security interest" is

1 determined pursuant to section 1-203. "Security interest" does not
2 include a consumer rental purchase agreement as defined in the Consumer
3 Rental Purchase Agreement Act.

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

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

12 (B) to cause the record or notification to be received within the
13 time it would have been received if properly sent under subdivision (A)
14 ~~in any other way to cause to be received any record or notice within the~~
15 ~~time it would have arrived if properly sent.~~

16 (37) "Sign" means, with present intent to authenticate or adopt a
17 record:

18 (A) execute or adopt a tangible symbol; or

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

21 "Signed", "signing", and "signature" have corresponding meanings.

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

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

27 (39) "Surety" includes a guarantor or other secondary obligor.

28 (40) "Term" means a portion of an agreement that relates to a
29 particular matter.

30 (41) "Unauthorized signature" means a signature made without actual,
31 implied, or apparent authority. The term includes a forgery.

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

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

6 Sec. 3. Section 1-204, Uniform Commercial Code, Reissue Revised
7 Statutes of Nebraska, is amended to read:

8 1-204 Value.

9 Except as otherwise provided in articles 3, 4, ~~and~~ 5, and 12, a
10 person gives value for rights if the person acquires them:

11 (1) in return for a binding commitment to extend credit or for the
12 extension of immediately available credit, whether or not drawn upon and
13 whether or not a charge back is provided for in the event of difficulties
14 in collection;

15 (2) as security for, or in total or partial satisfaction of, a
16 preexisting claim;

17 (3) by accepting delivery under a preexisting contract for purchase;
18 or

19 (4) in return for any consideration sufficient to support a simple
20 contract.

21 Sec. 4. Section 1-301, Uniform Commercial Code, Reissue Revised
22 Statutes of Nebraska, is amended to read:

23 1-301 Territorial applicability; parties' power to choose applicable
24 law.

25 (a) Except as otherwise provided in this section, when a transaction
26 bears a reasonable relation to this state and also to another state or
27 nation the parties may agree that the law either of this state or of such
28 other state or nation shall govern their rights and duties.

29 (b) In the absence of an agreement effective under subsection (a),
30 and except as provided in subsection (c), the Uniform Commercial Code
31 applies to transactions bearing an appropriate relation to this state.

1 (c) If one of the following provisions of the Uniform Commercial
2 Code specifies the applicable law, that provision governs and a contrary
3 agreement is effective only to the extent permitted by the law so
4 specified:

5 (1) Section 2-402;

6 (2) Sections 2A-105 and 2A-106;

7 (3) Section 4-102;

8 (4) Section 4A-507;

9 (5) Section 5-116;

10 (6) Section 8-110;

11 (7) Sections 9-301 through 9-307; ~~and~~

12 (8) Section 12-107.

13 Sec. 5. Section 1-306, Uniform Commercial Code, Reissue Revised
14 Statutes of Nebraska, is amended to read:

15 1-306 Waiver or renunciation of claim or right after breach.

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

19 Sec. 6. Section 2-102, Uniform Commercial Code, Reissue Revised
20 Statutes of Nebraska, is amended to read:

21 2-102 Scope; certain security and other transactions excluded from
22 this article.

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

1 (2) In a hybrid transaction:

2 (a) If the sale-of-goods aspects do not predominate, only the
3 provisions of this article which relate primarily to the sale-of-goods
4 aspects of the transaction apply, and the provisions that relate
5 primarily to the transaction as a whole do not apply.

6 (b) If the sale-of-goods aspects predominate, this article applies
7 to the transaction but does not preclude application in appropriate
8 circumstances of other law to aspects of the transaction which do not
9 relate to the sale of goods.

10 (3) This article does not:

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

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

16 Sec. 7. Section 2-106, Uniform Commercial Code, Reissue Revised
17 Statutes of Nebraska, is amended to read:

18 2-106 Definitions; contract; agreement; contract for sale; sale;
19 present sale; conforming to contract; termination; cancellation; hybrid
20 transaction.

21 (1) In this article unless the context otherwise requires "contract"
22 and "agreement" are limited to those relating to the present or future
23 sale of goods. "Contract for sale" includes both a present sale of goods
24 and a contract to sell goods at a future time. A "sale" consists in the
25 passing of title from the seller to the buyer for a price (section
26 2-401). A "present sale" means a sale which is accomplished by the making
27 of the contract.

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

31 (3) "Termination" occurs when either party pursuant to a power

1 created by agreement or law puts an end to the contract otherwise than
2 for its breach. On "termination" all obligations which are still
3 executory on both sides are discharged but any right based on prior
4 breach or performance survives.

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

9 (5) "Hybrid transaction" means a single transaction involving a sale
10 of goods and:

11 (a) the provision of services;

12 (b) a lease of other goods; or

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

14 Sec. 8. Section 2-201, Uniform Commercial Code, Reissue Revised
15 Statutes of Nebraska, is amended to read:

16 2-201 Formal requirements; statute of frauds.

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

26 (2)(a) Between merchants if within a reasonable time a record
27 ~~writing~~ in confirmation of the contract and sufficient against the sender
28 is received and the party receiving it has reason to know its contents,
29 it satisfies the requirements of subsection (1) against the ~~such~~ party
30 unless ~~written~~ notice in a record of objection to its contents is given
31 within ten days after it is received.

1 (b) Between a merchant and a buyer or seller of grain not a
2 merchant, if (i) the contract is an oral contract for the sale of grain,
3 (ii) within a reasonable time a writing in confirmation of the contract
4 and sufficient against the sender is received, (iii) the party receiving
5 it has reason to know its contents, (iv) it contains a statement of the
6 kind of grain, quantity of grain, per unit price, date of contract, and
7 delivery date of the grain, and (v) notice appears on the face of the
8 written confirmation stating that the contract will be enforceable
9 according to the terms contained in the confirmation unless written
10 notice of objection is given within ten days, the writing satisfies the
11 requirements of subsection (1) of this section against the party
12 receiving it unless written notice of objection to its contents is given
13 within ten days after it is received.

14 (3) A contract which does not satisfy the requirements of subsection
15 (1) but which is valid in other respects is enforceable

16 (a) if the goods are to be specially manufactured for the buyer and
17 are not suitable for sale to others in the ordinary course of the
18 seller's business and the seller, before notice of repudiation is
19 received and under circumstances which reasonably indicate that the goods
20 are for the buyer, has made either a substantial beginning of their
21 manufacture or commitments for their procurement; or

22 (b) if the party against whom enforcement is sought admits in his or
23 her pleading, testimony or otherwise in court that a contract for sale
24 was made, but the contract is not enforceable under this provision beyond
25 the quantity of goods admitted; or

26 (c) with respect to goods for which payment has been made and
27 accepted or which have been received and accepted (section 2-606).

28 Sec. 9. Section 2-202, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 2-202 Final ~~written~~ expression; parol or extrinsic evidence.

31 Terms with respect to which the confirmatory memoranda of the

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

6 (a) by course of performance, course of dealing, or usage of trade
7 (section 1-303); and

8 (b) by evidence of consistent additional terms unless the court
9 finds the record writing to have been intended also as a complete and
10 exclusive statement of the terms of the agreement.

11 Sec. 10. Section 2-203, Uniform Commercial Code, Reissue Revised
12 Statutes of Nebraska, is amended to read:

13 2-203 Seals inoperative.

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

18 Sec. 11. Section 2-205, Uniform Commercial Code, Reissue Revised
19 Statutes of Nebraska, is amended to read:

20 2-205 Firm offers.

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

27 Sec. 12. Section 2-209, Uniform Commercial Code, Reissue Revised
28 Statutes of Nebraska, is amended to read:

29 2-209 Modification, rescission, and waiver.

30 (1) An agreement modifying a contract within this article needs no
31 consideration to be binding.

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

6 (3) The requirements of the statute of frauds section of this
7 article (section 2-201) must be satisfied if the contract as modified is
8 within its provisions.

9 (4) Although an attempt at modification or rescission does not
10 satisfy the requirements of subsection (2) or (3) it can operate as a
11 waiver.

12 (5) A party who has made a waiver affecting an executory portion of
13 the contract may retract the waiver by reasonable notification received
14 by the other party that strict performance will be required of any term
15 waived, unless the retraction would be unjust in view of a material
16 change of position in reliance on the waiver.

17 Sec. 13. Section 2A-102, Uniform Commercial Code, Reissue Revised
18 Statutes of Nebraska, is amended to read:

19 2A-102 Scope.

20 (1) This article applies to any transaction, regardless of form,
21 that creates a lease and, in the case of a hybrid lease, it applies to
22 the extent provided in subsection (2).

23 (2) In a hybrid lease:

24 (a) if the lease-of-goods aspects do not predominate:

25 (i) only the provisions of this article which relate primarily to
26 the lease-of-goods aspects of the transaction apply, and the provisions
27 that relate primarily to the transaction as a whole do not apply;

28 (ii) section 2A-209 applies if the lease is a finance lease; and

29 (iii) section 2A-407 applies to the promises of the lessee in a
30 finance lease to the extent the promises are consideration for the right
31 to possession and use of the leased goods; and

1 (b) if the lease-of-goods aspects predominate, this article applies
2 to the transaction, but does not preclude application in appropriate
3 circumstances of other law to aspects of the lease which do not relate to
4 the lease of goods.

5 Sec. 14. Section 2A-103, Uniform Commercial Code, Reissue Revised
6 Statutes of Nebraska, is amended to read:

7 2A-103 Definitions and index of definitions.

8 (1) In this article unless the context otherwise requires:

9 (a) "Buyer in ordinary course of business" means a person who in
10 good faith and without knowledge that the sale to him or her is in
11 violation of the ownership rights or security interest or leasehold
12 interest of a third party in the goods, buys in ordinary course from a
13 person in the business of selling goods of that kind but does not include
14 a pawnbroker. "Buying" may be for cash or by exchange of other property
15 or on secured or unsecured credit and includes acquiring goods or
16 documents of title under a preexisting contract for sale but does not
17 include a transfer in bulk or as security for or in total or partial
18 satisfaction of a money debt.

19 (b) "Cancellation" occurs when either party puts an end to the lease
20 contract for default by the other party.

21 (c) "Commercial unit" means such a unit of goods as by commercial
22 usage is a single whole for purposes of lease and division of which
23 materially impairs its character or value on the market or in use. A
24 commercial unit may be a single article, as a machine, or a set of
25 articles, as a suite of furniture or a line of machinery, or a quantity,
26 as a gross or carload, or any other unit treated in use or in the
27 relevant market as a single whole.

28 (d) "Conforming" goods or performance under a lease contract means
29 goods or performance that are in accordance with the obligations under
30 the lease contract.

31 (e) "Consumer lease" means a lease that a lessor regularly engaged

1 in the business of leasing or selling makes to a lessee who is an
2 individual and who takes under the lease primarily for a personal,
3 family, or household purpose, if the total payments to be made under the
4 lease contract, excluding payments for options to renew or buy, do not
5 exceed twenty-five thousand dollars.

6 (f) "Fault" means wrongful act, omission, breach, or default.

7 (g) "Finance lease" means a lease with respect to which:

8 (i) the lessor does not select, manufacture, or supply the goods;

9 (ii) the lessor acquires the goods or the right to possession and
10 use of the goods in connection with the lease; and

11 (iii) one of the following occurs:

12 (A) the lessee receives a copy of the contract by which the lessor
13 acquired the goods or the right to possession and use of the goods before
14 signing the lease contract;

15 (B) the lessee's approval of the contract by which the lessor
16 acquired the goods or the right to possession and use of the goods is a
17 condition to effectiveness of the lease contract;

18 (C) the lessee, before signing the lease contract, receives an
19 accurate and complete statement designating the promises and warranties,
20 and any disclaimers of warranties, limitations or modifications of
21 remedies, or liquidated damages, including those of a third party, such
22 as the manufacturer of the goods, provided to the lessor by the person
23 supplying the goods in connection with or as part of the contract by
24 which the lessor acquired the goods or the right to possession and use of
25 the goods; or

26 (D) if the lease is not a consumer lease, the lessor, before the
27 lessee signs the lease contract, informs the lessee in writing (a) of the
28 identity of the person supplying the goods to the lessor, unless the
29 lessee has selected that person and directed the lessor to acquire the
30 goods or the right to possession and use of the goods from that person,
31 (b) that the lessee is entitled under this article to the promises and

1 warranties, including those of any third party, provided to the lessor by
2 the person supplying the goods in connection with or as part of the
3 contract by which the lessor acquired the goods or the right to
4 possession and use of the goods, and (c) that the lessee may communicate
5 with the person supplying the goods to the lessor and receive an accurate
6 and complete statement of those promises and warranties, including any
7 disclaimers and limitations of them or of remedies.

8 (h) "Goods" means all things that are movable at the time of
9 identification to the lease contract, or are fixtures (section 2A-309),
10 but the term does not include money, documents, instruments, accounts,
11 chattel paper, general intangibles, or minerals or the like, including
12 oil and gas, before extraction. The term also includes the unborn young
13 of animals.

14 (h.1) "Hybrid lease" means a single transaction involving a lease of
15 goods and:

16 (i) the provision of services;

17 (ii) a sale of other goods; or

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

19 (i) "Installment lease contract" means a lease contract that
20 authorizes or requires the delivery of goods in separate lots to be
21 separately accepted, even though the lease contract contains a clause
22 "each delivery is a separate lease" or its equivalent.

23 (j) "Lease" means a transfer of the right to possession and use of
24 goods for a term in return for consideration, but a sale, including a
25 sale on approval or a sale or return, or retention or creation of a
26 security interest is not a lease. Unless the context clearly indicates
27 otherwise, the term includes a sublease.

28 (k) "Lease agreement" means the bargain, with respect to the lease,
29 of the lessor and the lessee in fact as found in their language or by
30 implication from other circumstances including course of dealing or usage
31 of trade or course of performance as provided in this article. Unless the

1 context clearly indicates otherwise, the term includes a sublease
2 agreement.

3 (l) "Lease contract" means the total legal obligation that results
4 from the lease agreement as affected by this article and any other
5 applicable rules of law. Unless the context clearly indicates otherwise,
6 the term includes a sublease contract.

7 (m) "Leasehold interest" means the interest of the lessor or the
8 lessee under a lease contract.

9 (n) "Lessee" means a person who acquires the right to possession and
10 use of goods under a lease. Unless the context clearly indicates
11 otherwise, the term includes a sublessee.

12 (o) "Lessee in ordinary course of business" means a person who in
13 good faith and without knowledge that the lease to him or her is in
14 violation of the ownership rights or security interest or leasehold
15 interest of a third party in the goods leases in ordinary course from a
16 person in the business of selling or leasing goods of that kind but does
17 not include a pawnbroker. "Leasing" may be for cash or by exchange of
18 other property or on secured or unsecured credit and includes acquiring
19 goods or documents of title under a preexisting lease contract but does
20 not include a transfer in bulk or as security for or in total or partial
21 satisfaction of a money debt.

22 (p) "Lessor" means a person who transfers the right to possession
23 and use of goods under a lease. Unless the context clearly indicates
24 otherwise, the term includes a sublessor.

25 (q) "Lessor's residual interest" means the lessor's interest in the
26 goods after expiration, termination, or cancellation of the lease
27 contract.

28 (r) "Lien" means a charge against or interest in goods to secure
29 payment of a debt or performance of an obligation, but the term does not
30 include a security interest.

31 (s) "Lot" means a parcel or a single article that is the subject

1 matter of a separate lease or delivery, whether or not it is sufficient
2 to perform the lease contract.

3 (t) "Merchant lessee" means a lessee that is a merchant with respect
4 to goods of the kind subject to the lease.

5 (u) "Present value" means the amount as of a date certain of one or
6 more sums payable in the future, discounted to the date certain. The
7 discount is determined by the interest rate specified by the parties if
8 the rate was not manifestly unreasonable at the time the transaction was
9 entered into; otherwise, the discount is determined by a commercially
10 reasonable rate that takes into account the facts and circumstances of
11 each case at the time the transaction was entered into.

12 (v) "Purchase" includes taking by sale, lease, mortgage, security
13 interest, pledge, gift, or any other voluntary transaction creating an
14 interest in goods.

15 (w) "Sublease" means a lease of goods the right to possession and
16 use of which was acquired by the lessor as a lessee under an existing
17 lease.

18 (x) "Supplier" means a person from whom a lessor buys or leases
19 goods to be leased under a finance lease.

20 (y) "Supply contract" means a contract under which a lessor buys or
21 leases goods to be leased.

22 (z) "Termination" occurs when either party pursuant to a power
23 created by agreement or law puts an end to the lease contract otherwise
24 than for default.

25 (2) Other definitions applying to this article and the sections in
26 which they appear are:

27 "Accessions". Section 2A-310(1).

28 "Construction mortgage". Section 2A-309(1)(d).

29 "Encumbrance". Section 2A-309(1)(e).

30 "Fixtures". Section 2A-309(1)(a).

31 "Fixture filing". Section 2A-309(1)(b).

1 "Purchase money lease". Section 2A-309(1)(c).

2 (3) The following definitions in other articles apply to this
3 article:

4 "Account". Section 9-102(a)(2).

5 "Between merchants". Section 2-104(3).

6 "Buyer". Section 2-103(1)(a).

7 "Chattel paper". Section 9-102(a)(11).

8 "Consumer goods". Section 9-102(a)(23).

9 "Document". Section 9-102(a)(30).

10 "Entrusting". Section 2-403(3).

11 "General intangible". Section 9-102(a)(42).

12 "Good faith". Section 2-103(1)(b).

13 "Instrument". Section 9-102(a)(47).

14 "Merchant". Section 2-104(1).

15 "Mortgage". Section 9-102(a)(55).

16 "Pursuant to commitment". Section 9-102(a)(69).

17 "Receipt". Section 2-103(1)(c).

18 "Sale". Section 2-106(1).

19 "Sale on approval". Section 2-326.

20 "Sale or return". Section 2-326.

21 "Seller". Section 2-103(1)(d).

22 (4) In addition, article 1 contains general definitions and
23 principles of construction and interpretation applicable throughout this
24 article.

25 Sec. 15. Section 2A-107, Uniform Commercial Code, Reissue Revised
26 Statutes of Nebraska, is amended to read:

27 2A-107 Waiver or renunciation of claim or right after default.

28 Any claim or right arising out of an alleged default or breach of
29 warranty may be discharged in whole or in part without consideration by a
30 ~~written~~ waiver or renunciation in a signed record and delivered by the

1 aggrieved party.

2 Sec. 16. Section 2A-201, Uniform Commercial Code, Reissue Revised
3 Statutes of Nebraska, is amended to read:

4 2A-201 Statute of frauds.

5 (1) A lease contract is not enforceable by way of action or defense
6 unless:

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

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

14 (2) Any description of leased goods or of the lease term is
15 sufficient and satisfies subsection (1)(b), whether or not it is
16 specific, if it reasonably identifies what is described.

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

21 (4) A lease contract that does not satisfy the requirements of
22 subsection (1), but which is valid in other respects, is enforceable:

23 (a) if the goods are to be specially manufactured or obtained for
24 the lessee and are not suitable for lease or sale to others in the
25 ordinary course of the lessor's business, and the lessor, before notice
26 of repudiation is received and under circumstances that reasonably
27 indicate that the goods are for the lessee, has made either a substantial
28 beginning of their manufacture or commitments for their procurement;

29 (b) if the party against whom enforcement is sought admits in that
30 party's pleading, testimony, or otherwise in court that a lease contract
31 was made, but the lease contract is not enforceable under this provision

1 beyond the quantity of goods admitted; or

2 (c) with respect to goods that have been received and accepted by
3 the lessee.

4 (5) The lease term under a lease contract referred to in subsection

5 (4) is:

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

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

12 (c) a reasonable lease term.

13 Sec. 17. Section 2A-202, Uniform Commercial Code, Reissue Revised
14 Statutes of Nebraska, is amended to read:

15 2A-202 Final ~~written~~ expression: parol or extrinsic evidence.

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

22 (a) by course of dealing or usage of trade or by course of
23 performance; and

24 (b) by evidence of consistent additional terms unless the court
25 finds the record writing to have been intended also as a complete and
26 exclusive statement of the terms of the agreement.

27 Sec. 18. Section 2A-203, Uniform Commercial Code, Reissue Revised
28 Statutes of Nebraska, is amended to read:

29 2A-203 Seals inoperative.

30 The affixing of a seal to a record writing evidencing a lease
31 contract or an offer to enter into a lease contract does not render the

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

3 Sec. 19. Section 2A-205, Uniform Commercial Code, Reissue Revised
4 Statutes of Nebraska, is amended to read:

5 2A-205 Firm offers.

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

13 Sec. 20. Section 2A-208, Uniform Commercial Code, Reissue Revised
14 Statutes of Nebraska, is amended to read:

15 2A-208 Modification, rescission, and waiver.

16 (1) An agreement modifying a lease contract needs no consideration
17 to be binding.

18 (2) A signed lease agreement that excludes modification or
19 rescission except by a signed ~~record writing~~ may not be otherwise
20 modified or rescinded, but, except as between merchants, such a
21 requirement on a form supplied by a merchant must be separately signed by
22 the other party.

23 (3) Although an attempt at modification or rescission does not
24 satisfy the requirements of subsection (2), it may operate as a waiver.

25 (4) A party who has made a waiver affecting an executory portion of
26 a lease contract may retract the waiver by reasonable notification
27 received by the other party that strict performance will be required of
28 any term waived, unless the retraction would be unjust in view of a
29 material change of position in reliance on the waiver.

30 Sec. 21. Section 3-104, Uniform Commercial Code, Reissue Revised
31 Statutes of Nebraska, is amended to read:

1 3-104 Negotiable instrument.

2 (a) Except as provided in subsections (c) and (d), "negotiable
3 instrument" means an unconditional promise or order to pay a fixed amount
4 of money, with or without interest or other charges described in the
5 promise or order, if it:

6 (1) is payable to bearer or to order at the time it is issued or
7 first comes into possession of a holder;

8 (2) is payable on demand or at a definite time; and

9 (3) does not state any other undertaking or instruction by the
10 person promising or ordering payment to do any act in addition to the
11 payment of money, but the promise or order may contain (i) an undertaking
12 or power to give, maintain, or protect collateral to secure payment, (ii)
13 an authorization or power to the holder to confess judgment or realize on
14 or dispose of collateral, ~~or~~ (iii) a waiver of the benefit of any law
15 intended for the advantage or protection of an obligor, (iv) a term that
16 specifies the law that governs the promise or order, or (v) an
17 undertaking to resolve in a specified forum a dispute concerning the
18 promise or order.

19 (b) "Instrument" means a negotiable instrument.

20 (c) An order that meets all of the requirements of subsection (a),
21 except subdivision paragraph ~~paragraph~~ (1), and otherwise falls within the
22 definition of "check" in subsection (f) is a negotiable instrument and a
23 check.

24 (d) A promise or order other than a check is not an instrument if,
25 at the time it is issued or first comes into possession of a holder, it
26 contains a conspicuous statement, however expressed, to the effect that
27 the promise or order is not negotiable or is not an instrument governed
28 by this article.

29 (e) An instrument is a "note" if it is a promise and is a "draft" if
30 it is an order. If an instrument falls within the definition of both
31 "note" and "draft", a person entitled to enforce the instrument may treat

1 it as either.

2 (f) "Check" means (i) a draft, other than a documentary draft,
3 payable on demand and drawn on a bank, (ii) a cashier's check or teller's
4 check, or (iii) a demand draft. An instrument may be a check even though
5 it is described on its face by another term, such as "money order".

6 (g) "Cashier's check" means a draft with respect to which the drawer
7 and drawee are the same bank or branches of the same bank.

8 (h) "Teller's check" means a draft drawn by a bank (i) on another
9 bank, or (ii) payable at or through a bank.

10 (i) "Traveler's check" means an instrument that (i) is payable on
11 demand, (ii) is drawn on or payable at or through a bank, (iii) is
12 designated by the term "traveler's check" or by a substantially similar
13 term, and (iv) requires, as a condition to payment, a countersignature by
14 a person whose specimen signature appears on the instrument.

15 (j) "Certificate of deposit" means an instrument containing an
16 acknowledgment by a bank that a sum of money has been received by the
17 bank and a promise by the bank to repay the sum of money. A certificate
18 of deposit is a note of the bank.

19 (k) "Demand draft" means a writing not signed by a customer, as
20 defined in section 4-104, that is created by a third party under the
21 purported authority of the customer for the purpose of charging the
22 customer's account with a bank. A demand draft shall contain the
23 customer's account number and may contain any or all of the following:

24 (i) The customer's printed or typewritten name;

25 (ii) A notation that the customer authorized the draft; or

26 (iii) The statement "no signature required", "authorization on
27 file", "signature on file", or words to that effect.

28 Demand draft does not include a check purportedly drawn by and
29 bearing the signature of a fiduciary, as defined in section 3-307.

30 Sec. 22. Section 3-105, Uniform Commercial Code, Reissue Revised
31 Statutes of Nebraska, is amended to read:

1 3-105 Issue of instrument.

2 (a) "Issue" means:

3 (1) the first delivery of an instrument by the maker or drawer,
4 whether to a holder or nonholder, for the purpose of giving rights on the
5 instrument to any person; or -

6 (2) if agreed by the payee, the first transmission by the drawer to
7 the payee of an image of an item and information derived from the item
8 that enables the depository bank to collect the item by transferring or
9 presenting under federal law an electronic check.

10 (b) An unissued instrument, or an unissued incomplete instrument
11 that is completed, is binding on the maker or drawer, but nonissuance is
12 a defense. An instrument that is conditionally issued or is issued for a
13 special purpose is binding on the maker or drawer, but failure of the
14 condition or special purpose to be fulfilled is a defense.

15 (c) "Issuer" applies to issued and unissued instruments and means a
16 maker or drawer of an instrument.

17 Sec. 23. Section 3-401, Uniform Commercial Code, Reissue Revised
18 Statutes of Nebraska, is amended to read:

19 3-401 Signature necessary for liability on instrument.

20 ~~(a) A person is not liable on an instrument unless (i) the person~~
21 ~~signed the instrument, or (ii) the person is represented by an agent or~~
22 ~~representative who signed the instrument and the signature is binding on~~
23 ~~the represented person under section 3-402.~~

24 ~~(b) A signature may be made (i) manually or by means of a device or~~
25 ~~machine, and (ii) by the use of any name, including a trade or assumed~~
26 ~~name, or by a word, mark, or symbol executed or adopted by a person with~~
27 ~~present intention to authenticate a writing.~~

28 Sec. 24. Section 3-604, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 3-604 Discharge by cancellation or renunciation.

31 (a) A person entitled to enforce an instrument, with or without

1 consideration, may discharge the obligation of a party to pay the
2 instrument (i) by an intentional voluntary act, such as surrender of the
3 instrument to the party, destruction, mutilation, or cancellation of the
4 instrument, cancellation or striking out of the party's signature, or the
5 addition of words to the instrument indicating discharge, or (ii) by
6 agreeing not to sue or otherwise renouncing rights against the party by a
7 signed record. The obligation of a party to pay a check is not discharged
8 solely by destruction of the check in connection with a process in which
9 information is extracted from the check and an image of the check is made
10 and, subsequently, the information and image are transmitted for payment
11 writing.

12 (b) Cancellation or striking out of an indorsement pursuant to
13 subsection (a) does not affect the status and rights of a party derived
14 from the indorsement.

15 Sec. 25. Section 4A-103, Uniform Commercial Code, Reissue Revised
16 Statutes of Nebraska, is amended to read:

17 4A-103 Payment order – definitions.

18 (a) In this article:

19 (1) "Payment order" means an instruction of a sender to a receiving
20 bank, transmitted orally or in a record, ~~electronically, or in writing,~~
21 to pay, or to cause another bank to pay, a fixed or determinable amount
22 of money to a beneficiary if:

23 (i) the instruction does not state a condition to payment to the
24 beneficiary other than time of payment,

25 (ii) the receiving bank is to be reimbursed by debiting an account
26 of, or otherwise receiving payment from, the sender, and

27 (iii) the instruction is transmitted by the sender directly to the
28 receiving bank or to an agent, funds-transfer system, or communication
29 system for transmittal to the receiving bank.

30 (2) "Beneficiary" means the person to be paid by the beneficiary's
31 bank.

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

5 (4) "Receiving bank" means the bank to which the sender's
6 instruction is addressed.

7 (5) "Sender" means the person giving the instruction to the
8 receiving bank.

9 (b) If an instruction complying with subsection (a)(1) is to make
10 more than one payment to a beneficiary, the instruction is a separate
11 payment order with respect to each payment.

12 (c) A payment order is issued when it is sent to the receiving bank.
13 Sec. 26. Section 4A-201, Uniform Commercial Code, Reissue Revised
14 Statutes of Nebraska, is amended to read:

15 4A-201 Security procedure.

16 "Security procedure" means a procedure established by agreement of a
17 customer and a receiving bank for the purpose of (i) verifying that a
18 payment order or communication amending or canceling a payment order is
19 that of the customer, or (ii) detecting error in the transmission or the
20 content of the payment order or communication. A security procedure may
21 impose an obligation on the receiving bank or the customer and may
22 require the use of algorithms or other codes, identifying words, or
23 numbers, symbols, sounds, biometrics, encryption, callback procedures, or
24 similar security devices. Comparison of a signature on a payment order or
25 communication with an authorized specimen signature of the customer or
26 requiring a payment order to be sent from a known email address, IP
27 address, or telephone number is not by itself a security procedure.

28 Sec. 27. Section 4A-202, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 4A-202 Authorized and verified payment orders.

31 (a) A payment order received by the receiving bank is the authorized

1 order of the person identified as sender if that person authorized the
2 order or is otherwise bound by it under the law of agency.

3 (b) If a bank and its customer have agreed that the authenticity of
4 payment orders issued to the bank in the name of the customer as sender
5 will be verified pursuant to a security procedure, a payment order
6 received by the receiving bank is effective as the order of the customer,
7 whether or not authorized, if (i) the security procedure is a
8 commercially reasonable method of providing security against unauthorized
9 payment orders, and (ii) the bank proves that it accepted the payment
10 order in good faith and in compliance with the bank's obligations under
11 the security procedure and any written agreement or instruction of the
12 customer, evidenced by a record, restricting acceptance of payment orders
13 issued in the name of the customer. The bank is not required to follow an
14 instruction that violates an a-written agreement with the customer,
15 evidenced by a record, or notice of which is not received at a time and
16 in a manner affording the bank a reasonable opportunity to act on it
17 before the payment order is accepted.

18 (c) Commercial reasonableness of a security procedure is a question
19 of law to be determined by considering the wishes of the customer
20 expressed to the bank, the circumstances of the customer known to the
21 bank, including the size, type, and frequency of payment orders normally
22 issued by the customer to the bank, alternative security procedures
23 offered to the customer, and security procedures in general use by
24 customers and receiving banks similarly situated. A security procedure is
25 deemed to be commercially reasonable if (i) the security procedure was
26 chosen by the customer after the bank offered, and the customer refused,
27 a security procedure that was commercially reasonable for that customer,
28 and (ii) the customer expressly agreed in a record writing to be bound by
29 any payment order, whether or not authorized, issued in its name and
30 accepted by the bank in compliance with the bank's obligations under the
31 security procedure chosen by the customer.

1 (d) The term "sender" in this article includes the customer in whose
2 name a payment order is issued if the order is the authorized order of
3 the customer under subsection (a), or it is effective as the order of the
4 customer under subsection (b).

5 (e) This section applies to amendments and cancellations of payment
6 orders to the same extent it applies to payment orders.

7 (f) Except as provided in this section and in section 4A-203(a)(1),
8 rights and obligations arising under this section or section 4A-203 may
9 not be varied by agreement.

10 Sec. 28. Section 4A-203, Uniform Commercial Code, Reissue Revised
11 Statutes of Nebraska, is amended to read:

12 4A-203 Unenforceability of certain verified payment orders.

13 (a) If an accepted payment order is not, under section 4A-202(a), an
14 authorized order of a customer identified as sender, but is effective as
15 an order of the customer pursuant to section 4A-202(b), the following
16 rules apply:

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

20 (2) The receiving bank is not entitled to enforce or retain payment
21 of the payment order if the customer proves that the order was not
22 caused, directly or indirectly, by a person (i) entrusted at any time
23 with duties to act for the customer with respect to payment orders or the
24 security procedure, or (ii) who obtained access to transmitting
25 facilities of the customer or who obtained, from a source controlled by
26 the customer and without authority of the receiving bank, information
27 facilitating breach of the security procedure, regardless of how the
28 information was obtained or whether the customer was at fault.
29 Information includes any access device, computer software, or the like.

30 (b) This section applies to amendments of payment orders to the same
31 extent it applies to payment orders.

1 Sec. 29. Section 4A-207, Uniform Commercial Code, Reissue Revised
2 Statutes of Nebraska, is amended to read:

3 4A-207 Misdescription of beneficiary.

4 (a) Subject to subsection (b), if, in a payment order received by
5 the beneficiary's bank, the name, bank account number, or other
6 identification of the beneficiary refers to a nonexistent or
7 unidentifiable person or account, no person has rights as a beneficiary
8 of the order and acceptance of the order cannot occur.

9 (b) If a payment order received by the beneficiary's bank identifies
10 the beneficiary both by name and by an identifying or bank account number
11 and the name and number identify different persons, the following rules
12 apply:

13 (1) Except as otherwise provided in subsection (c), if the
14 beneficiary's bank does not know that the name and number refer to
15 different persons, it may rely on the number as the proper identification
16 of the beneficiary of the order. The beneficiary's bank need not
17 determine whether the name and number refer to the same person.

18 (2) If the beneficiary's bank pays the person identified by name or
19 knows that the name and number identify different persons, no person has
20 rights as beneficiary except the person paid by the beneficiary's bank if
21 that person was entitled to receive payment from the originator of the
22 funds transfer. If no person has rights as beneficiary, acceptance of the
23 order cannot occur.

24 (c) If (i) a payment order described in subsection (b) is accepted,
25 (ii) the originator's payment order described the beneficiary
26 inconsistently by name and number, and (iii) the beneficiary's bank pays
27 the person identified by number as permitted by subsection (b)(1), the
28 following rules apply:

29 (1) If the originator is a bank, the originator is obliged to pay
30 its order.

31 (2) If the originator is not a bank and proves that the person

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

12 (d) In a case governed by subsection (b)(1), if the beneficiary's
13 bank rightfully pays the person identified by number and that person was
14 not entitled to receive payment from the originator, the amount paid may
15 be recovered from that person to the extent allowed by the law governing
16 mistake and restitution as follows:

17 (1) If the originator is obliged to pay its payment order as stated
18 in subsection (c), the originator has the right to recover.

19 (2) If the originator is not a bank and is not obliged to pay its
20 payment order, the originator's bank has the right to recover.

21 Sec. 30. Section 4A-208, Uniform Commercial Code, Reissue Revised
22 Statutes of Nebraska, is amended to read:

23 4A-208 Misdescription of intermediary bank or beneficiary's bank.

24 (a) This subsection applies to a payment order identifying an
25 intermediary bank or the beneficiary's bank only by an identifying
26 number.

27 (1) The receiving bank may rely on the number as the proper
28 identification of the intermediary or beneficiary's bank and need not
29 determine whether the number identifies a bank.

30 (2) The sender is obliged to compensate the receiving bank for any
31 loss and expenses incurred by the receiving bank as a result of its

1 reliance on the number in executing or attempting to execute the order.

2 (b) This subsection applies to a payment order identifying an
3 intermediary bank or the beneficiary's bank both by name and an
4 identifying number if the name and number identify different persons.

5 (1) If the sender is a bank, the receiving bank may rely on the
6 number as the proper identification of the intermediary or beneficiary's
7 bank if the receiving bank, when it executes the sender's order, does not
8 know that the name and number identify different persons. The receiving
9 bank need not determine whether the name and number refer to the same
10 person or whether the number refers to a bank. The sender is obliged to
11 compensate the receiving bank for any loss and expenses incurred by the
12 receiving bank as a result of its reliance on the number in executing or
13 attempting to execute the order.

14 (2) If the sender is not a bank and the receiving bank proves that
15 the sender, before the payment order was accepted, had notice that the
16 receiving bank might rely on the number as the proper identification of
17 the intermediary or beneficiary's bank even if it identifies a person
18 different from the bank identified by name, the rights and obligations of
19 the sender and the receiving bank are governed by subsection (b)(1), as
20 though the sender were a bank. Proof of notice may be made by any
21 admissible evidence. The receiving bank satisfies the burden of proof if
22 it proves that the sender, before the payment order was accepted, signed
23 a record ~~writing~~ stating the information to which the notice relates.

24 (3) Regardless of whether the sender is a bank, the receiving bank
25 may rely on the name as the proper identification of the intermediary or
26 beneficiary's bank if the receiving bank, at the time it executes the
27 sender's order, does not know that the name and number identify different
28 persons. The receiving bank need not determine whether the name and
29 number refer to the same person.

30 (4) If the receiving bank knows that the name and number identify
31 different persons, reliance on either the name or the number in executing

1 the sender's payment order is a breach of the obligation stated in
2 section 4A-302(a)(1).

3 Sec. 31. Section 4A-210, Uniform Commercial Code, Reissue Revised
4 Statutes of Nebraska, is amended to read:

5 4A-210 Rejection of payment order.

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

19 (b) This subsection applies if a receiving bank other than the
20 beneficiary's bank fails to execute a payment order despite the existence
21 on the execution date of a withdrawable credit balance in an authorized
22 account of the sender sufficient to cover the order. If the sender does
23 not receive notice of rejection of the order on the execution date and
24 the authorized account of the sender does not bear interest, the bank is
25 obliged to pay interest to the sender on the amount of the order for the
26 number of days elapsing after the execution date to the earlier of the
27 day the order is canceled pursuant to section 4A-211(d) or the day the
28 sender receives notice or learns that the order was not executed,
29 counting the final day of the period as an elapsed day. If the
30 withdrawable credit balance during that period falls below the amount of
31 the order, the amount of interest is reduced accordingly.

1 (c) If a receiving bank suspends payments, all unaccepted payment
2 orders issued to it are deemed rejected at the time the bank suspends
3 payments.

4 (d) Acceptance of a payment order precludes a later rejection of the
5 order. Rejection of a payment order precludes a later acceptance of the
6 order.

7 Sec. 32. Section 4A-211, Uniform Commercial Code, Reissue Revised
8 Statutes of Nebraska, is amended to read:

9 4A-211 Cancellation and amendment of payment order.

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

17 (b) Subject to subsection (a), a communication by the sender
18 canceling or amending a payment order is effective to cancel or amend the
19 order if notice of the communication is received at a time and in a
20 manner affording the receiving bank a reasonable opportunity to act on
21 the communication before the bank accepts the payment order.

22 (c) After a payment order has been accepted, cancellation or
23 amendment of the order is not effective unless the receiving bank agrees
24 or a funds-transfer system rule allows cancellation or amendment without
25 agreement of the bank.

26 (1) With respect to a payment order accepted by a receiving bank
27 other than the beneficiary's bank, cancellation or amendment is not
28 effective unless a conforming cancellation or amendment of the payment
29 order issued by the receiving bank is also made.

30 (2) With respect to a payment order accepted by the beneficiary's
31 bank, cancellation or amendment is not effective unless the order was

1 issued in execution of an unauthorized payment order, or because of a
2 mistake by a sender in the funds transfer which resulted in the issuance
3 of a payment order (i) that is a duplicate of a payment order previously
4 issued by the sender, (ii) that orders payment to a beneficiary not
5 entitled to receive payment from the originator, or (iii) that orders
6 payment in an amount greater than the amount the beneficiary was entitled
7 to receive from the originator. If the payment order is canceled or
8 amended, the beneficiary's bank is entitled to recover from the
9 beneficiary any amount paid to the beneficiary to the extent allowed by
10 the law governing mistake and restitution.

11 (d) An unaccepted payment order is canceled by operation of law at
12 the close of the fifth funds-transfer business day of the receiving bank
13 after the execution date or payment date of the order.

14 (e) A canceled payment order cannot be accepted. If an accepted
15 payment order is canceled, the acceptance is nullified and no person has
16 any right or obligation based on the acceptance. Amendment of a payment
17 order is deemed to be cancellation of the original order at the time of
18 amendment and issue of a new payment order in the amended form at the
19 same time.

20 (f) Unless otherwise provided in an agreement of the parties or in a
21 funds-transfer system rule, if the receiving bank, after accepting a
22 payment order, agrees to cancellation or amendment of the order by the
23 sender or is bound by a funds-transfer system rule allowing cancellation
24 or amendment without the bank's agreement, the sender, whether or not
25 cancellation or amendment is effective, is liable to the bank for any
26 loss and expenses, including reasonable attorney's fees, incurred by the
27 bank as a result of the cancellation or amendment or attempted
28 cancellation or amendment.

29 (g) A payment order is not revoked by the death or legal incapacity
30 of the sender unless the receiving bank knows of the death or of an
31 adjudication of incapacity by a court of competent jurisdiction and has

1 reasonable opportunity to act before acceptance of the order.

2 (h) A funds-transfer system rule is not effective to the extent it
3 conflicts with subsection (c)(2).

4 Sec. 33. Section 4A-305, Uniform Commercial Code, Reissue Revised
5 Statutes of Nebraska, is amended to read:

6 4A-305 Liability for late or improper execution or failure to
7 execute payment order.

8 (a) If a funds transfer is completed but execution of a payment
9 order by the receiving bank in breach of section 4A-302 results in delay
10 in payment to the beneficiary, the bank is obliged to pay interest to
11 either the originator or the beneficiary of the funds transfer for the
12 period of delay caused by the improper execution. Except as provided in
13 subsection (c), additional damages are not recoverable.

14 (b) If execution of a payment order by a receiving bank in breach of
15 section 4A-302 results in (i) noncompletion of the funds transfer, (ii)
16 failure to use an intermediary bank designated by the originator, or
17 (iii) issuance of a payment order that does not comply with the terms of
18 the payment order of the originator, the bank is liable to the originator
19 for its expenses in the funds transfer and for incidental expenses and
20 interest losses, to the extent not covered by subsection (a), resulting
21 from the improper execution. Except as provided in subsection (c),
22 additional damages are not recoverable.

23 (c) In addition to the amounts payable under subsections (a) and
24 (b), damages, including consequential damages, are recoverable to the
25 extent provided in an express ~~written~~ agreement of the receiving bank,
26 evidenced by a record.

27 (d) If a receiving bank fails to execute a payment order it was
28 obliged by express agreement to execute, the receiving bank is liable to
29 the sender for its expenses in the transaction and for incidental
30 expenses and interest losses resulting from the failure to execute.
31 Additional damages, including consequential damages, are recoverable to

1 the extent provided in an express ~~written~~ agreement of the receiving
2 bank, evidenced by a record, but are not otherwise recoverable.

3 (e) Reasonable attorney's fees are recoverable if demand for
4 compensation under subsection (a) or (b) is made and refused before an
5 action is brought on the claim. If a claim is made for breach of an
6 agreement under subsection (d) and the agreement does not provide for
7 damages, reasonable attorney's fees are recoverable if demand for
8 compensation under subsection (d) is made and refused before an action is
9 brought on the claim.

10 (f) Except as stated in this section, the liability of a receiving
11 bank under subsections (a) and (b) may not be varied by agreement.

12 Sec. 34. Section 5-104, Uniform Commercial Code, Reissue Revised
13 Statutes of Nebraska, is amended to read:

14 5-104 Formal requirements.

15 A letter of credit, confirmation, advice, transfer, amendment, or
16 cancellation may be issued in any form that is a signed record ~~and is~~
17 ~~authenticated (i) by a signature or (ii) in accordance with the agreement~~
18 ~~of the parties or the standard practice referred to in section 5-108(e).~~

19 Sec. 35. Section 5-116, Uniform Commercial Code, Reissue Revised
20 Statutes of Nebraska, is amended to read:

21 5-116 Choice of law and forum.

22 (a) The liability of an issuer, nominated person, or adviser for
23 action or omission is governed by the law of the jurisdiction chosen by
24 an agreement in the form of a record signed ~~or otherwise authenticated~~ by
25 the affected parties ~~in the manner provided in section 5-104~~ or by a
26 provision in the person's letter of credit, confirmation, or other
27 undertaking. The jurisdiction whose law is chosen need not bear any
28 relation to the transaction.

29 (b) Unless subsection (a) applies, the liability of an issuer,
30 nominated person, or adviser for action or omission is governed by the
31 law of the jurisdiction in which the person is located. The person is

1 considered to be located at the address indicated in the person's
2 undertaking. If more than one address is indicated, the person is
3 considered to be located at the address from which the person's
4 undertaking was issued.

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

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

14 (e) ~~(e)~~ Except as otherwise provided in this subsection, the
15 liability of an issuer, nominated person, or adviser is governed by any
16 rules of custom or practice, such as the Uniform Customs and Practice for
17 Documentary Credits, to which the letter of credit, confirmation, or
18 other undertaking is expressly made subject. If (i) this article would
19 govern the liability of an issuer, nominated person, or adviser under
20 subsection (a) or (b), (ii) the relevant undertaking incorporates rules
21 of custom or practice, and (iii) there is conflict between this article
22 and those rules as applied to that undertaking, those rules govern except
23 to the extent of any conflict with the nonvariable provisions specified
24 in section 5-103(c).

25 (f) ~~(d)~~ If there is conflict between this article and article 3, 4,
26 4A, or 9, this article governs.

27 (g) ~~(e)~~ The forum for settling disputes arising out of an
28 undertaking within this article may be chosen in the manner and with the
29 binding effect that governing law may be chosen in accordance with
30 subsection (a).

31 Sec. 36. Section 7-102, Uniform Commercial Code, Reissue Revised

1 Statutes of Nebraska, is amended to read:

2 7-102 Definitions and index of definitions.

3 (a) In this article, unless the context otherwise requires:

4 (1) "Bailee" means a person that by a warehouse receipt, bill of
5 lading, or other document of title acknowledges possession of goods and
6 contracts to deliver them.

7 (2) "Carrier" means a person that issues a bill of lading.

8 (3) "Consignee" means a person named in a bill of lading to which or
9 to whose order the bill promises delivery.

10 (4) "Consignor" means a person named in a bill of lading as the
11 person from which the goods have been received for shipment.

12 (5) "Delivery order" means a record that contains an order to
13 deliver goods directed to a warehouse, carrier, or other person that in
14 the ordinary course of business issues warehouse receipts or bills of
15 lading.

16 (6) "Good faith" means honesty in fact and the observance of
17 reasonable commercial standards of fair dealing.

18 (7) "Goods" means all things that are treated as movable for the
19 purposes of a contract for storage or transportation.

20 (8) "Issuer" means a bailee that issues a document of title or, in
21 the case of an unaccepted delivery order, the person that orders the
22 possessor of goods to deliver. The term includes a person for which an
23 agent or employee purports to act in issuing a document if the agent or
24 employee has real or apparent authority to issue documents, even if the
25 issuer did not receive any goods, the goods were misdescribed, or in any
26 other respect the agent or employee violated the issuer's instructions.

27 (9) "Person entitled under the document" means the holder, in the
28 case of a negotiable document of title, or the person to which delivery
29 of the goods is to be made by the terms of, or pursuant to instructions
30 in a record under, a nonnegotiable document of title.

31 (10) [Reserved.] "~~Record~~" ~~means information that is inscribed on a~~

1 ~~tangible medium or that is stored in an electronic or other medium and is~~
2 ~~retrievable in perceivable form.~~

3 (11) ~~[Reserved.] "Sign" means, with present intent to authenticate~~
4 ~~or adopt a record:~~

5 ~~(A) to execute or adopt a tangible symbol; or~~

6 ~~(B) to attach to or logically associate with the record an~~
7 ~~electronic sound, symbol, or process.~~

8 (12) "Shipper" means a person that enters into a contract of
9 transportation with a carrier.

10 (13) "Warehouse" means a person engaged in the business of storing
11 goods for hire.

12 (b) Definitions in other articles applying to this article and the
13 sections in which they appear are:

14 (1) "Contract for sale", section 2-106.

15 (2) "Lessee in ordinary course of business", section 2A-103.

16 (3) "Receipt" of goods, section 2-103.

17 (c) In addition, article 1 contains general definitions and
18 principles of construction and interpretation applicable throughout this
19 article.

20 Sec. 37. Section 7-106, Uniform Commercial Code, Reissue Revised
21 Statutes of Nebraska, is amended to read:

22 7-106 Control of electronic document of title.

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

27 (b) A system satisfies subsection (a), and a person has ~~is deemed to~~
28 ~~have~~ control of an electronic document of title, if the document is
29 created, stored, and transferred ~~assigned~~ in such a manner that:

30 (1) a single authoritative copy of the document exists which is
31 unique, identifiable, and, except as otherwise provided in subdivisions

1 paragraphs (4), (5), and (6), unalterable;

2 (2) the authoritative copy identifies the person asserting control
3 as:

4 (A) the person to which the document was issued; or

5 (B) if the authoritative copy indicates that the document has been
6 transferred, the person to which the document was most recently
7 transferred;

8 (3) the authoritative copy is communicated to and maintained by the
9 person asserting control or its designated custodian;

10 (4) copies or amendments that add or change an identified transferee
11 assignee of the authoritative copy can be made only with the consent of
12 the person asserting control;

13 (5) each copy of the authoritative copy and any copy of a copy is
14 readily identifiable as a copy that is not the authoritative copy; and

15 (6) any amendment of the authoritative copy is readily identifiable
16 as authorized or unauthorized.

17 (c) A system satisfies subsection (a), and a person has control of
18 an electronic document of title, if an authoritative electronic copy of
19 the document, a record attached to or logically associated with the
20 electronic copy, or a system in which the electronic copy is recorded:

21 (1) enables the person readily to identify each electronic copy as
22 either an authoritative copy or a nonauthoritative copy;

23 (2) enables the person readily to identify itself in any way,
24 including by name, identifying number, cryptographic key, office, or
25 account number, as the person to which each authoritative electronic copy
26 was issued or transferred; and

27 (3) gives the person exclusive power, subject to subsection (d), to:

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

30 (B) transfer control of each authoritative electronic copy.

31 (d) Subject to subsection (e), a power is exclusive under subsection

1 (c)(3)(A) and (B) even if:

2 (1) the authoritative electronic copy, a record attached to or
3 logically associated with the authoritative electronic copy, or a system
4 in which the authoritative electronic copy is recorded limits the use of
5 the document of title or has a protocol that is programmed to cause a
6 change, including a transfer or loss of control; or

7 (2) the power is shared with another person.

8 (e) A power of a person is not shared with another person under
9 subsection (d)(2) and the person's power is not exclusive if:

10 (1) the person can exercise the power only if the power also is
11 exercised by the other person; and

12 (2) the other person:

13 (A) can exercise the power without exercise of the power by the
14 person; or

15 (B) is the transferor to the person of an interest in the document
16 of title.

17 (f) If a person has the powers specified in subsection (c)(3)(A) and
18 (B), the powers are presumed to be exclusive.

19 (g) A person has control of an electronic document of title if
20 another person, other than the transferor to the person of an interest in
21 the document:

22 (1) has control of the document and acknowledges that it has control
23 on behalf of the person; or

24 (2) obtains control of the document after having acknowledged that
25 it will obtain control of the document on behalf of the person.

26 (h) A person that has control under this section is not required to
27 acknowledge that it has control on behalf of another person.

28 (i) If a person acknowledges that it has or will obtain control on
29 behalf of another person, unless the person otherwise agrees or law other
30 than this article or article 9 otherwise provides, the person does not
31 owe any duty to the other person and is not required to confirm the

1 acknowledgment to any other person.

2 Sec. 38. Section 8-102, Uniform Commercial Code, Reissue Revised
3 Statutes of Nebraska, is amended to read:

4 8-102 Definitions and index of definitions.

5 (a) In this article:

6 (1) "Adverse claim" means a claim that a claimant has a property
7 interest in a financial asset and that it is a violation of the rights of
8 the claimant for another person to hold, transfer, or deal with the
9 financial asset.

10 (2) "Bearer form," as applied to a certificated security, means a
11 form in which the security is payable to the bearer of the security
12 certificate according to its terms but not by reason of an indorsement.

13 (3) "Broker" means a person defined as a broker or dealer under the
14 federal securities laws, but without excluding a bank acting in that
15 capacity.

16 (4) "Certificated security" means a security that is represented by
17 a certificate.

18 (5) "Clearing corporation" means:

19 (i) a person that is registered as a "clearing agency" under the
20 federal securities laws;

21 (ii) a federal reserve bank; or

22 (iii) any other person that provides clearance or settlement
23 services with respect to financial assets that would require it to
24 register as a clearing agency under the federal securities laws but for
25 an exclusion or exemption from the registration requirement, if its
26 activities as a clearing corporation, including promulgation of rules,
27 are subject to regulation by a federal or state governmental authority.

28 (6) "Communicate" means to:

29 (i) send a signed record writing; or

30 (ii) transmit information by any mechanism agreed upon by the
31 persons transmitting and receiving the information.

1 (7) "Entitlement holder" means a person identified in the records of
2 a securities intermediary as the person having a security entitlement
3 against the securities intermediary. If a person acquires a security
4 entitlement by virtue of section 8-501(b)(2) or (3), that person is the
5 entitlement holder.

6 (8) "Entitlement order" means a notification communicated to a
7 securities intermediary directing transfer or redemption of a financial
8 asset to which the entitlement holder has a security entitlement.

9 (9) "Financial asset," except as otherwise provided in section
10 8-103, means:

11 (i) a security;

12 (ii) an obligation of a person or a share, participation, or other
13 interest in a person or in property or an enterprise of a person, which
14 is, or is of a type, dealt in or traded on financial markets, or which is
15 recognized in any area in which it is issued or dealt in as a medium for
16 investment; or

17 (iii) any property that is held by a securities intermediary for
18 another person in a securities account if the securities intermediary has
19 expressly agreed with the other person that the property is to be treated
20 as a financial asset under this article. As context requires, the term
21 means either the interest itself or the means by which a person's claim
22 to it is evidenced, including a certificated or uncertificated security,
23 a security certificate, or a security entitlement.

24 (10) "Good faith," for purposes of the obligation of good faith in
25 the performance or enforcement of contracts or duties within this
26 article, means honesty in fact and the observance of reasonable
27 commercial standards of fair dealing.

28 (11) "Indorsement" means a signature that alone or accompanied by
29 other words is made on a security certificate in registered form or on a
30 separate document for the purpose of assigning, transferring, or
31 redeeming the security or granting a power to assign, transfer, or redeem

1 it.

2 (12) "Instruction" means a notification communicated to the issuer
3 of an uncertificated security which directs that the transfer of the
4 security be registered or that the security be redeemed.

5 (13) "Registered form," as applied to a certificated security, means
6 a form in which:

7 (i) the security certificate specifies a person entitled to the
8 security; and

9 (ii) a transfer of the security may be registered upon books
10 maintained for that purpose by or on behalf of the issuer, or the
11 security certificate so states.

12 (14) "Securities intermediary" means:

13 (i) a clearing corporation; or

14 (ii) a person, including a bank or broker, that in the ordinary
15 course of its business maintains securities accounts for others and is
16 acting in that capacity.

17 (15) "Security," except as otherwise provided in section 8-103,
18 means an obligation of an issuer or a share, participation, or other
19 interest in an issuer or in property or an enterprise of an issuer:

20 (i) which is represented by a security certificate in bearer or
21 registered form, or the transfer of which may be registered upon books
22 maintained for that purpose by or on behalf of the issuer;

23 (ii) which is one of a class or series or by its terms is divisible
24 into a class or series of shares, participations, interests, or
25 obligations; and

26 (iii) which:

27 (A) is, or is of a type, dealt in or traded on securities exchanges
28 or securities markets; or

29 (B) is a medium for investment and by its terms expressly provides
30 that it is a security governed by this article.

31 (16) "Security certificate" means a certificate representing a

1 security.

2 (17) "Security entitlement" means the rights and property interest
3 of an entitlement holder with respect to a financial asset specified in
4 part 5 of this article.

5 (18) "Uncertificated security" means a security that is not
6 represented by a certificate.

7 (b) The following other definitions in applying to this article and
8 other articles apply to this article the sections in which they appear
9 are:

10 "Appropriate person".	Section 8-107.
11 "Control".	Section 8-106.
12 <u>"Controllable account".</u>	<u>Section 9-102.</u>
13 <u>"Controllable electronic record".</u>	<u>Section 12-102.</u>
14 <u>"Controllable payment intangible".</u>	<u>Section 9-102.</u>
15 "Delivery".	Section 8-301.
16 "Investment company security".	Section 8-103.
17 "Issuer".	Section 8-201.
18 "Overissue".	Section 8-210.
19 "Protected purchaser".	Section 8-303.
20 "Securities account".	Section 8-501.

21 (c) In addition, article 1 contains general definitions and
22 principles of construction and interpretation applicable throughout this
23 article.

24 (d) The characterization of a person, business, or transaction for
25 purposes of this article does not determine the characterization of the
26 person, business, or transaction for purposes of any other law,
27 regulation, or rule.

28 Sec. 39. Section 8-103, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 8-103 Rules for determining whether certain obligations and
31 interests are securities or financial assets.

1 (a) A share or similar equity interest issued by a corporation,
2 business trust, joint stock company, or similar entity is a security.

3 (b) An "investment company security" is a security. "Investment
4 company security" means a share or similar equity interest issued by an
5 entity that is registered as an investment company under the federal
6 investment company laws, an interest in a unit investment trust that is
7 so registered, or a face-amount certificate issued by a face-amount
8 certificate company that is so registered. Investment company security
9 does not include an insurance policy or endowment policy or annuity
10 contract issued by an insurance company.

11 (c) An interest in a partnership or limited liability company is not
12 a security unless it is dealt in or traded on securities exchanges or in
13 securities markets, its terms expressly provide that it is a security
14 governed by this article, or it is an investment company security.
15 However, an interest in a partnership or limited liability company is a
16 financial asset if it is held in a securities account.

17 (d) A writing that is a security certificate is governed by this
18 article and not by article 3, even though it also meets the requirements
19 of that article. However, a negotiable instrument governed by article 3
20 is a financial asset if it is held in a securities account.

21 (e) An option or similar obligation issued by a clearing corporation
22 to its participants is not a security, but is a financial asset.

23 (f) A commodity contract, as defined in section 9-102(a)(15), is not
24 a security or a financial asset.

25 (g) A document of title is not a financial asset unless section
26 8-102(a)(9)(iii) applies.

27 (h) A controllable account, controllable electronic record, or
28 controllable payment intangible is not a financial asset unless section
29 8-102(a)(9)(iii) applies.

30 Sec. 40. Section 8-106, Uniform Commercial Code, Reissue Revised
31 Statutes of Nebraska, is amended to read:

1 8-106 Control.

2 (a) A purchaser has "control" of a certificated security in bearer
3 form if the certificated security is delivered to the purchaser.

4 (b) A purchaser has "control" of a certificated security in
5 registered form if the certificated security is delivered to the
6 purchaser, and:

7 (1) the certificate is indorsed to the purchaser or in blank by an
8 effective indorsement; or

9 (2) the certificate is registered in the name of the purchaser, upon
10 original issue or registration of transfer by the issuer.

11 (c) A purchaser has "control" of an uncertificated security if:

12 (1) the uncertificated security is delivered to the purchaser; or

13 (2) the issuer has agreed that it will comply with instructions
14 originated by the purchaser without further consent by the registered
15 owner.

16 (d) A purchaser has "control" of a security entitlement if:

17 (1) the purchaser becomes the entitlement holder;

18 (2) the securities intermediary has agreed that it will comply with
19 entitlement orders originated by the purchaser without further consent by
20 the entitlement holder; or

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

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

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

31 (e) If an interest in a security entitlement is granted by the

1 entitlement holder to the entitlement holder's own securities
2 intermediary, the securities intermediary has control.

3 (f) A purchaser who has satisfied the requirements of subsection (c)
4 or (d) has control, even if the registered owner in the case of
5 subsection (c) or the entitlement holder in the case of subsection (d)
6 retains the right to make substitutions for the uncertificated security
7 or security entitlement, to originate instructions or entitlement orders
8 to the issuer or securities intermediary, or otherwise to deal with the
9 uncertificated security or security entitlement.

10 (g) An issuer or a securities intermediary may not enter into an
11 agreement of the kind described in subsection (c)(2) or (d)(2) without
12 the consent of the registered owner or entitlement holder, but an issuer
13 or a securities intermediary is not required to enter into such an
14 agreement even though the registered owner or entitlement holder so
15 directs. An issuer or securities intermediary that has entered into such
16 an agreement is not required to confirm the existence of the agreement to
17 another party unless requested to do so by the registered owner or
18 entitlement holder.

19 (h) A person that has control under this section is not required to
20 acknowledge that it has control on behalf of a purchaser.

21 (i) If a person acknowledges that it has or will obtain control on
22 behalf of a purchaser, unless the person otherwise agrees or law other
23 than this article or article 9 otherwise provides, the person does not
24 owe any duty to the purchaser and is not required to confirm the
25 acknowledgment to any other person.

26 Sec. 41. Section 8-110, Uniform Commercial Code, Reissue Revised
27 Statutes of Nebraska, is amended to read:

28 8-110 Applicability; choice of law.

29 (a) The local law of the issuer's jurisdiction, as specified in
30 subsection (d), governs:

31 (1) the validity of a security;

1 (2) the rights and duties of the issuer with respect to registration
2 of transfer;

3 (3) the effectiveness of registration of transfer by the issuer;

4 (4) whether the issuer owes any duties to an adverse claimant to a
5 security; and

6 (5) whether an adverse claim can be asserted against a person to
7 whom transfer of a certificated or uncertificated security is registered
8 or a person who obtains control of an uncertificated security.

9 (b) The local law of the securities intermediary's jurisdiction, as
10 specified in subsection (e), governs:

11 (1) acquisition of a security entitlement from the securities
12 intermediary;

13 (2) the rights and duties of the securities intermediary and
14 entitlement holder arising out of a security entitlement;

15 (3) whether the securities intermediary owes any duties to an
16 adverse claimant to a security entitlement; and

17 (4) whether an adverse claim can be asserted against a person who
18 acquires a security entitlement from the securities intermediary or a
19 person who purchases a security entitlement or interest therein from an
20 entitlement holder.

21 (c) The local law of the jurisdiction in which a security
22 certificate is located at the time of delivery governs whether an adverse
23 claim can be asserted against a person to whom the security certificate
24 is delivered.

25 (d) "Issuer's jurisdiction" means the jurisdiction under which the
26 issuer of the security is organized or, if permitted by the law of that
27 jurisdiction, the law of another jurisdiction specified by the issuer. An
28 issuer organized under the law of this state may specify the law of
29 another jurisdiction as the law governing the matters specified in
30 subdivisions ~~subsection~~ (a)(2) through (5).

31 (e) The following rules determine a "securities intermediary's

1 jurisdiction" for purposes of this section:

2 (1) If an agreement between the securities intermediary and its
3 entitlement holder governing the securities account expressly provides
4 that a particular jurisdiction is the securities intermediary's
5 jurisdiction for purposes of this part, this article, or article 9, that
6 jurisdiction is the securities intermediary's jurisdiction.

7 (2) If subdivision (1) does not apply and an agreement between the
8 securities intermediary and its entitlement holder governing the
9 securities account expressly provides that the agreement is governed by
10 the law of a particular jurisdiction, that jurisdiction is the securities
11 intermediary's jurisdiction.

12 (3) If neither subdivision (1) nor subdivision (2) applies and an
13 agreement between the securities intermediary and its entitlement holder
14 governing the securities account expressly provides that the securities
15 account is maintained at an office in a particular jurisdiction, that
16 jurisdiction is the securities intermediary's jurisdiction.

17 (4) If none of the preceding subdivisions applies, the securities
18 intermediary's jurisdiction is the jurisdiction in which the office
19 identified in an account statement as the office serving the entitlement
20 holder's account is located.

21 (5) If none of the preceding subdivisions applies, the securities
22 intermediary's jurisdiction is the jurisdiction in which the chief
23 executive office of the securities intermediary is located.

24 (f) A securities intermediary's jurisdiction is not determined by
25 the physical location of certificates representing financial assets, or
26 by the jurisdiction in which is organized the issuer of the financial
27 asset with respect to which an entitlement holder has a security
28 entitlement, or by the location of facilities for data processing or
29 other record keeping concerning the account.

30 (g) The local law of the issuer's jurisdiction or the securities
31 intermediary's jurisdiction governs a matter or transaction specified in

1 subsection (a) or (b) even if the matter or transaction does not bear any
2 relation to the jurisdiction.

3 Sec. 42. Section 8-303, Uniform Commercial Code, Reissue Revised
4 Statutes of Nebraska, is amended to read:

5 8-303 Protected purchaser.

6 (a) "Protected purchaser" means a purchaser of a certificated or
7 uncertificated security, or of an interest therein, who:

8 (1) gives value;

9 (2) does not have notice of any adverse claim to the security; and

10 (3) obtains control of the certificated or uncertificated security.

11 (b) ~~A In addition to acquiring the rights of a purchaser, a~~
12 protected purchaser also acquires its interest in the security free of
13 any adverse claim.

14 Sec. 43. Section 9-102, Uniform Commercial Code, Revised Statutes
15 Cumulative Supplement, 2022, is amended to read:

16 9-102 Definitions and index of definitions.

17 (a) In this article:

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

21 (2) "Account", except as used in "account for", "account statement",
22 "account to", "commodity account" in subdivision (14), "customer's
23 account", "deposit account" in subdivision (29), "on account of", and
24 "statement of account", means a right to payment of a monetary
25 obligation, whether or not earned by performance, (i) for property that
26 has been or is to be sold, leased, licensed, assigned, or otherwise
27 disposed of, (ii) for services rendered or to be rendered, (iii) for a
28 policy of insurance issued or to be issued, (iv) for a secondary
29 obligation incurred or to be incurred, (v) for energy provided or to be
30 provided, (vi) for the use or hire of a vessel under a charter or other
31 contract, (vii) arising out of the use of a credit or charge card or

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

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

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

19 (A) signed authenticated by a secured party;

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

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

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

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

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

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

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

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

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

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

7 The term also includes every lien created under sections 52-202,
8 52-501, 52-701, 52-901, 52-1101, 52-1201, 54-201, and 54-208, Reissue
9 Revised Statutes of Nebraska, and Chapter 52, article 14, Reissue Revised
10 Statutes of Nebraska.

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

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

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

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

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

20 (7) [~~Reserved.~~] "~~Authenticate~~" means:

21 (7A) "Assignee", except as used in "assignee for benefit of
22 creditors", means a person (i) in whose favor a security interest that
23 secures an obligation is created or provided for under a security
24 agreement, whether or not the obligation is outstanding or (ii) to which
25 an account, chattel paper, payment intangible, or promissory note has
26 been sold. The term includes a person to which a security interest has
27 been transferred by a secured party.

28 (7B) "Assignor" means a person that (i) under a security agreement
29 creates or provides for a security interest that secures an obligation or
30 (ii) sells an account, chattel paper, payment intangible, or promissory
31 note. The term includes a secured party that has transferred a security

1 interest to another person.

2 ~~(A) to sign; or~~

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

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

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

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

21 (11) "Chattel paper" means: ~~a record or records that evidence both a~~
22 ~~monetary obligation and a security interest in specific goods, a security~~
23 ~~interest in specific goods and software used in the goods, a security~~
24 ~~interest in specific goods and license of software used in the goods, a~~
25 ~~lease of specific goods, or a lease of specific goods and license of~~
26 ~~software used in the goods. In this subdivision, "monetary obligation"~~
27 ~~means a monetary obligation secured by the goods or owed under a lease of~~
28 ~~the goods and includes a monetary obligation with respect to software~~
29 ~~used in the goods. The term does not include (i) charters or other~~
30 ~~contracts involving the use or hire of a vessel or (ii) records that~~
31 ~~evidence a right to payment arising out of the use of a credit or charge~~

1 ~~card or information contained on or for use with the card. If a~~
2 ~~transaction is evidenced by records that include an instrument or series~~
3 ~~of instruments, the group of records taken together constitutes chattel~~
4 ~~paper.~~

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

8 (B) a right to payment of a monetary obligation owed by a lessee
9 under a lease agreement with respect to specific goods and a monetary
10 obligation owed by the lessee in connection with the transaction giving
11 rise to the lease, if:

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

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

17 The term does not include a right to payment arising out of a
18 charter or other contract involving the use or hire of a vessel or a
19 right to payment arising out of the use of a credit or charge card or
20 information contained on or for use with the card.

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

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

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

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

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

29 (A) the claimant is an organization; or

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

31 (i) arose in the course of the claimant's business or profession;

1 and

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

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

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

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

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

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

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

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

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

24 (18) "Communicate" means:

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

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

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

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

1 consignment.

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

4 (A) the merchant:

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

7 (ii) is not an auctioneer; and

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

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

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

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

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

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

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

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

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

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

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

29 (26) "Consumer transaction" means a transaction in which (i) an
30 individual incurs an obligation primarily for personal, family, or
31 household purposes, (ii) a security interest secures the obligation, and

1 (iii) the collateral is held or acquired primarily for personal, family,
2 or household purposes. The term includes consumer-goods transactions.

3 (27) "Continuation statement" means an amendment of a financing
4 statement which:

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

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

10 (27A) "Controllable account" means an account evidenced by a
11 controllable electronic record that provides that the account debtor
12 undertakes to pay the person that has control under section 12-105 of the
13 controllable electronic record.

14 (27B) "Controllable payment intangible" means a payment intangible
15 evidenced by a controllable electronic record that provides that the
16 account debtor undertakes to pay the person that has control under
17 section 12-105 of the controllable electronic record.

18 (28) "Debtor" means:

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

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

23 (C) a consignee.

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

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

29 (31) ~~[Reserved.] "Electronic chattel paper" means chattel paper~~
30 ~~evidenced by a record or records consisting of information stored in an~~
31 ~~electronic medium.~~

1 (31A) "Electronic money" means money in an electronic form.

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

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

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

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

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

12 (ii) aquatic goods produced in aquacultural operations;

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

15 (C) supplies used or produced in a farming operation; or

16 (D) products of crops or livestock in their unmanufactured states.

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

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

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

24 (38) "Filing-office rule" means a rule adopted pursuant to section
25 9-526.

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

29 (40) "Fixture filing" means the filing of a financing statement
30 covering goods that are or are to become fixtures and satisfying section
31 9-502(a) and (b). The term includes the filing of a financing statement

1 covering goods of a transmitting utility which are or are to become
2 fixtures.

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

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

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

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

31 (45) "Governmental unit" means a subdivision, agency, department,

1 county, parish, municipality, or other unit of the government of the
2 United States, a state, or a foreign country. The term includes an
3 organization having a separate corporate existence if the organization is
4 eligible to issue debt on which interest is exempt from income taxation
5 under the laws of the United States.

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

10 (47) "Instrument" means a negotiable instrument or any other writing
11 that evidences a right to the payment of a monetary obligation, is not
12 itself a security agreement or lease, and is of a type that in ordinary
13 course of business is transferred by delivery with any necessary
14 indorsement or assignment including, but not limited to, a writing that
15 would otherwise qualify as a certificate of deposit (defined in section
16 3-104(j)) but for the fact that the writing contains a limitation on
17 transfer. The term does not include (i) investment property, (ii) letters
18 of credit, ~~or~~ (iii) writings that evidence a right to payment arising out
19 of the use of a credit or charge card or information contained on or for
20 use with the card, or (iv) writings that evidence chattel paper.

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

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

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

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

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

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

31 (50) "Jurisdiction of organization", with respect to a registered

1 organization, means the jurisdiction under whose law the organization is
2 formed or organized.

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

8 (52) "Lien creditor" means:

9 (A) a creditor that has acquired a lien on the property involved by
10 attachment, levy, or the like;

11 (B) an assignee for benefit of creditors from the time of
12 assignment;

13 (C) a trustee in bankruptcy from the date of the filing of the
14 petition; or

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

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

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

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

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

3 (54A) "Money" has the meaning in section 1-201(b)(24), but does not
4 include (i) a deposit account or (ii) money in an electronic form that
5 cannot be subjected to control under section 9-105A.

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

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

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

16 (58) "Noncash proceeds" means proceeds other than cash proceeds.

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

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

28 (61) "Payment intangible" means a general intangible under which the
29 account debtor's principal obligation is a monetary obligation. The term
30 includes a controllable payment intangible.

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

1 (A) the spouse of the individual;

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

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

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

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

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

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

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

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

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

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

22 (A) whatever is acquired upon the sale, lease, license, exchange, or
23 other disposition of collateral;

24 (B) whatever is collected on, or distributed on account of,
25 collateral;

26 (C) rights arising out of collateral;

27 (D) to the extent of the value of collateral, claims arising out of
28 the loss, nonconformity, or interference with the use of, defects or
29 infringement of rights in, or damage to, the collateral; or

30 (E) to the extent of the value of collateral and to the extent
31 payable to the debtor or the secured party, insurance payable by reason

1 of the loss or nonconformity of, defects or infringement of rights in, or
2 damage to, the collateral.

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

7 (66) "Proposal" means a record signed ~~authenticated~~ by a secured
8 party which includes the terms on which the secured party is willing to
9 accept collateral in full or partial satisfaction of the obligation it
10 secures pursuant to sections 9-620, 9-621, and 9-622.

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

13 (A) debt securities are issued;

14 (B) all or a portion of the securities issued have an initial stated
15 maturity of at least twenty years; and

16 (C) the debtor, obligor, secured party, account debtor or other
17 person obligated on collateral, assignor or assignee of a secured
18 obligation, or assignor or assignee of a security interest is a state or
19 a governmental unit of a state.

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

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

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

31 (C) a record consisting of legislation enacted by the legislature of

1 a state or the Congress of the United States which forms or organizes an
2 organization, any record amending the legislation, and any record filed
3 with or issued by the state or United States which amends or restates the
4 name of the organization.

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

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

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

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

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

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

27 (73) "Secured party" means:

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

31 (B) a person that holds an agricultural lien;

1 (C) a consignor;

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

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

7 (F) a person that holds a security interest arising under section
8 2-401, 2-505, 2-711(3), 2A-508(5), 4-210, or 5-118.

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

11 (75) ~~[Reserved.] "Send", in connection with a record or~~
12 ~~notification, means:~~

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

17 ~~(B) to cause the record or notification to be received within the~~
18 ~~time that it would have been received if properly sent under subdivision~~
19 ~~(A).~~

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

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

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

31 (79) ~~[Reserved.] "Tangible chattel paper" means chattel paper~~

1 ~~evidenced by a record or records consisting of information that is~~
2 ~~inscribed on a tangible medium.~~

3 (79A) "Tangible money" means money in a tangible form.

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

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

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

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

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

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

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

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

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

20 "Applicant". Section 5-102.

21 "Beneficiary". Section 5-102.

22 "Broker". Section 8-102.

23 "Certificated security". Section 8-102.

24 "Check". Section 3-104.

25 "Clearing corporation". Section 8-102.

26 "Contract for sale". Section 2-106.

27 "Controllable electronic record". Section 12-102.

28 "Customer". Section 4-104.

29 "Entitlement holder". Section 8-102.

30 "Financial asset". Section 8-102.

31 "Holder in due course". Section 3-302.

1	"Issuer" (with respect to	
2	a letter of credit or	
3	letter-of-credit right).	Section 5-102.
4	"Issuer" (with respect to	
5	a security).	Section 8-201.
6	"Issuer" (with respect to	
7	a document of title).	Section 7-102.
8	"Lease".	Section 2A-103.
9	"Lease agreement".	Section 2A-103.
10	"Lease contract".	Section 2A-103.
11	"Leasehold interest".	Section 2A-103.
12	"Lessee".	Section 2A-103.
13	"Lessee in ordinary course	
14	of business".	Section 2A-103.
15	"Lessor".	Section 2A-103.
16	"Lessor's residual interest".	Section 2A-103.
17	"Letter of credit".	Section 5-102.
18	"Merchant".	Section 2-104.
19	"Negotiable instrument".	Section 3-104.
20	"Nominated person".	Section 5-102.
21	"Note".	Section 3-104.
22	"Proceeds of a letter of credit".	Section 5-114.
23	<u>"Protected purchaser".</u>	<u>Section 8-303.</u>
24	"Prove".	Section 3-103.
25	<u>"Qualifying purchaser".</u>	<u>Section 12-102.</u>
26	"Sale".	Section 2-106.
27	"Securities account".	Section 8-501.
28	"Securities intermediary".	Section 8-102.
29	"Security".	Section 8-102.
30	"Security certificate".	Section 8-102.

1 "Security entitlement". Section 8-102.

2 "Uncertificated security". Section 8-102.

3 (c) Article 1 contains general definitions and principles of
4 construction and interpretation applicable throughout this article.

5 Sec. 44. Section 9-104, Uniform Commercial Code, Reissue Revised
6 Statutes of Nebraska, is amended to read:

7 9-104 Control of deposit account.

8 (a) A secured party has control of a deposit account if:

9 (1) the secured party is the bank with which the deposit account is
10 maintained;

11 (2) the debtor, secured party, and bank have agreed in a signed an
12 authenticated record that the bank will comply with instructions
13 originated by the secured party directing disposition of the funds in the
14 deposit account without further consent by the debtor;~~or~~

15 (3) the secured party becomes the bank's customer with respect to
16 the deposit account; or -

17 (4) another person, other than the debtor:

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

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

23 (b) A secured party that has satisfied subsection (a) has control,
24 even if the debtor retains the right to direct the disposition of funds
25 from the deposit account.

26 Sec. 45. Section 9-105, Uniform Commercial Code, Reissue Revised
27 Statutes of Nebraska, is amended to read:

28 9-105 Control of electronic copy of record evidencing chattel paper.

29 (a) A purchaser has control of an authoritative electronic copy of a
30 record evidencing chattel paper if a system employed for evidencing the
31 assignment of interests in the chattel paper reliably establishes the

1 purchaser as the person to which the authoritative electronic copy was
2 assigned. ~~(a) A secured party has control of electronic chattel paper if~~
3 ~~a system employed for evidencing the transfer of interests in the chattel~~
4 ~~paper reliably establishes the secured party as the person to which the~~
5 ~~chattel paper was assigned.~~

6 (b) A system satisfies subsection (a) if the record or records
7 evidencing ~~comprising~~ the chattel paper are created, stored, and assigned
8 in such a manner that:

9 (1) a single authoritative copy of the record or records exists
10 which is unique, identifiable, and, except as otherwise provided in
11 subdivisions (4), (5), and (6), unalterable;

12 (2) the authoritative copy identifies the purchaser ~~secured party~~ as
13 the assignee of the record or records;

14 (3) the authoritative copy is communicated to and maintained by the
15 purchaser ~~secured party~~ or its designated custodian;

16 (4) copies or amendments that add or change an identified assignee
17 of the authoritative copy can be made only with the consent of the
18 purchaser ~~secured party~~;

19 (5) each copy of the authoritative copy and any copy of a copy is
20 readily identifiable as a copy that is not the authoritative copy; and

21 (6) any amendment of the authoritative copy is readily identifiable
22 as authorized or unauthorized.

23 (c) A system satisfies subsection (a), and a purchaser has control
24 of an authoritative electronic copy of a record evidencing chattel paper,
25 if the electronic copy, a record attached to or logically associated with
26 the electronic copy, or a system in which the electronic copy is
27 recorded:

28 (1) enables the purchaser readily to identify each electronic copy
29 as either an authoritative copy or a nonauthoritative copy;

30 (2) enables the purchaser readily to identify itself in any way,
31 including by name, identifying number, cryptographic key, office, or

1 account number, as the assignee of the authoritative electronic copy; and
2 (3) gives the purchaser exclusive power, subject to subsection (d),
3 to:
4 (A) prevent others from adding or changing an identified assignee of
5 the authoritative electronic copy; and
6 (B) transfer control of the authoritative electronic copy.
7 (d) Subject to subsection (e), a power is exclusive under subsection
8 (c)(3)(A) and (B) even if:
9 (1) the authoritative electronic copy, a record attached to or
10 logically associated with the authoritative electronic copy, or a system
11 in which the authoritative electronic copy is recorded limits the use of
12 the authoritative electronic copy or has a protocol programmed to cause a
13 change, including a transfer or loss of control; or
14 (2) the power is shared with another person.
15 (e) A power of a purchaser is not shared with another person under
16 subsection (d)(2) and the purchaser's power is not exclusive if:
17 (1) the purchaser can exercise the power only if the power also is
18 exercised by the other person; and
19 (2) the other person:
20 (A) can exercise the power without exercise of the power by the
21 purchaser; or
22 (B) is the transferor to the purchaser of an interest in the chattel
23 paper.
24 (f) If a purchaser has the powers specified in subsection (c)(3)(A)
25 and (B), the powers are presumed to be exclusive.
26 (g) A purchaser has control of an authoritative electronic copy of a
27 record evidencing chattel paper if another person, other than the
28 transferor to the purchaser of an interest in the chattel paper:
29 (1) has control of the authoritative electronic copy and
30 acknowledges that it has control on behalf of the purchaser; or
31 (2) obtains control of the authoritative electronic copy after

1 having acknowledged that it will obtain control of the electronic copy on
2 behalf of the purchaser.

3 Sec. 46. The Uniform Commercial Code is amended by adding new
4 section:

5 9-105A Control of electronic money.

6 (a) A person has control of electronic money if:

7 (1) the electronic money, a record attached to or logically
8 associated with the electronic money, or a system in which the electronic
9 money is recorded gives the person:

10 (A) power to avail itself of substantially all the benefit from the
11 electronic money; and

12 (B) exclusive power, subject to subsection (b), to:

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

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

18 (2) the electronic money, a record attached to or logically
19 associated with the electronic money, or a system in which the electronic
20 money is recorded enables the person readily to identify itself in any
21 way, including by name, identifying number, cryptographic key, office, or
22 account number, as having the powers under subdivision (1).

23 (b) Subject to subsection (c), a power is exclusive under subsection
24 (a)(1)(B)(i) and (ii) even if:

25 (1) the electronic money, a record attached to or logically
26 associated with the electronic money, or a system in which the electronic
27 money is recorded limits the use of the electronic money or has a
28 protocol programmed to cause a change, including a transfer or loss of
29 control; or

30 (2) the power is shared with another person.

31 (c) A power of a person is not shared with another person under

1 subsection (b)(2) and the person's power is not exclusive if:

2 (1) the person can exercise the power only if the power also is
3 exercised by the other person; and

4 (2) the other person:

5 (A) can exercise the power without exercise of the power by the
6 person; or

7 (B) is the transferor to the person of an interest in the electronic
8 money.

9 (d) If a person has the powers specified in subsection (a)(1)(B)(i)
10 and (ii), the powers are presumed to be exclusive.

11 (e) A person has control of electronic money if another person,
12 other than the transferor to the person of an interest in the electronic
13 money:

14 (1) has control of the electronic money and acknowledges that it has
15 control on behalf of the person; or

16 (2) obtains control of the electronic money after having
17 acknowledged that it will obtain control of the electronic money on
18 behalf of the person.

19 Sec. 47. Section 9-107A, Uniform Commercial Code, Revised Statutes
20 Cumulative Supplement, 2022, is amended to read:

21 9-107A Control of controllable electronic record, controllable
22 account, or controllable payment intangible, or controllable electronic
23 record.

24 (a) A secured party has control of a controllable electronic record
25 as provided in section 12-105. ~~(a) A secured party has "control" of an~~
26 account or payment intangible if:

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

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

31 (b) A secured party has control of a controllable account or

1 controllable payment intangible if the secured party has control of the
2 controllable electronic record that evidences the controllable account or
3 controllable payment intangible. (b) A secured party has "control" of a
4 controllable electronic record as provided in section 12-105.

5 Sec. 48. The Uniform Commercial Code is amended by adding new
6 section:

7 9-107B No requirement to acknowledge or confirm; no duties.

8 (a) A person that has control under section 9-104, 9-105, or 9-105A
9 is not required to acknowledge that it has control on behalf of another
10 person.

11 (b) If a person acknowledges that it has or will obtain control on
12 behalf of another person, unless the person otherwise agrees or law other
13 than this article otherwise provides, the person does not owe any duty to
14 the other person and is not required to confirm the acknowledgment to any
15 other person.

16 Sec. 49. Section 9-203, Uniform Commercial Code, Reissue Revised
17 Statutes of Nebraska, is amended to read:

18 9-203 Attachment and enforceability of security interest; proceeds;
19 supporting obligations; formal requisites.

20 (a) A security interest attaches to collateral when it becomes
21 enforceable against the debtor with respect to the collateral, unless an
22 agreement expressly postpones the time of attachment.

23 (b) Except as otherwise provided in subsections (c) through (i), a
24 security interest is enforceable against the debtor and third parties
25 with respect to the collateral only if:

26 (1) value has been given;

27 (2) the debtor has rights in the collateral or the power to transfer
28 rights in the collateral to a secured party; and

29 (3) one of the following conditions is met:

30 (A) the debtor has signed ~~authenticated~~ a security agreement that
31 provides a description of the collateral and, if the security interest

1 covers timber to be cut, a description of the land concerned;

2 (B) the collateral is not a certificated security and is in the
3 possession of the secured party under section 9-313 pursuant to the
4 debtor's security agreement;

5 (C) the collateral is a certificated security in registered form and
6 the security certificate has been delivered to the secured party under
7 section 8-301 pursuant to the debtor's security agreement;~~or~~

8 (D) the collateral is controllable accounts, controllable electronic
9 records, controllable payment intangibles, deposit accounts, electronic
10 documents, electronic money, electronic chattel paper, investment
11 property, or letter-of-credit rights, or electronic documents, and the
12 secured party has control under section 7-106, 9-104, 9-105, 9-105A,
13 9-106, or 9-107, or 9-107A pursuant to the debtor's security agreement;
14 or -

15 (E) the collateral is chattel paper and the secured party has
16 possession and control under section 9-314A pursuant to the debtor's
17 security agreement.

18 (c) Subsection (b) is subject to section 4-210 on the security
19 interest of a collecting bank, section 5-118 on the security interest of
20 a letter-of-credit issuer or nominated person, section 9-110 on a
21 security interest arising under article 2 or 2A, and section 9-206 on
22 security interests in investment property.

23 (d) A person becomes bound as debtor by a security agreement entered
24 into by another person if, by operation of law other than this article or
25 by contract:

26 (1) the security agreement becomes effective to create a security
27 interest in the person's property; or

28 (2) the person becomes generally obligated for the obligations of
29 the other person, including the obligation secured under the security
30 agreement, and acquires or succeeds to all or substantially all of the
31 assets of the other person.

1 (e) If a new debtor becomes bound as debtor by a security agreement
2 entered into by another person:

3 (1) the agreement satisfies subdivision (b)(3) with respect to
4 existing or after-acquired property of the new debtor to the extent the
5 property is described in the agreement; and

6 (2) another agreement is not necessary to make a security interest
7 in the property enforceable.

8 (f) The attachment of a security interest in collateral gives the
9 secured party the rights to proceeds provided by section 9-315 and is
10 also attachment of a security interest in a supporting obligation for the
11 collateral.

12 (g) The attachment of a security interest in a right to payment or
13 performance secured by a security interest or other lien on personal or
14 real property is also attachment of a security interest in the security
15 interest, mortgage, or other lien.

16 (h) The attachment of a security interest in a securities account is
17 also attachment of a security interest in the security entitlements
18 carried in the securities account.

19 (i) The attachment of a security interest in a commodity account is
20 also attachment of a security interest in the commodity contracts carried
21 in the commodity account.

22 Sec. 50. Section 9-204, Uniform Commercial Code, Reissue Revised
23 Statutes of Nebraska, is amended to read:

24 9-204 After-acquired property; future advances.

25 (a) Except as otherwise provided in subsection (b), a security
26 agreement may create or provide for a security interest in after-acquired
27 collateral.

28 (b) Subject to subsection (b.1), a A security interest does not
29 attach under a term constituting an after-acquired property clause to:

30 (1) consumer goods, other than an accession when given as additional
31 security, unless the debtor acquires rights in them within ten days after

1 the secured party gives value; or

2 (2) a commercial tort claim.

3 (b.1) Subsection (b) does not prevent a security interest from
4 attaching:

5 (1) to consumer goods as proceeds under section 9-315(a) or
6 commingled goods under section 9-336(c);

7 (2) to a commercial tort claim as proceeds under section 9-315(a);
8 or

9 (3) under an after-acquired property clause to property that is
10 proceeds of consumer goods or a commercial tort claim.

11 (c) A security agreement may provide that collateral secures, or
12 that accounts, chattel paper, payment intangibles, or promissory notes
13 are sold in connection with, future advances or other value, whether or
14 not the advances or value are given pursuant to commitment.

15 Sec. 51. Section 9-207, Uniform Commercial Code, Reissue Revised
16 Statutes of Nebraska, is amended to read:

17 9-207 Rights and duties of secured party having possession or
18 control of collateral.

19 (a) Except as otherwise provided in subsection (d), a secured party
20 shall use reasonable care in the custody and preservation of collateral
21 in the secured party's possession. In the case of chattel paper or an
22 instrument, reasonable care includes taking necessary steps to preserve
23 rights against prior parties unless otherwise agreed.

24 (b) Except as otherwise provided in subsection (d), if a secured
25 party has possession of collateral:

26 (1) reasonable expenses, including the cost of insurance and payment
27 of taxes or other charges, incurred in the custody, preservation, use, or
28 operation of the collateral are chargeable to the debtor and are secured
29 by the collateral;

30 (2) the risk of accidental loss or damage is on the debtor to the
31 extent of a deficiency in any effective insurance coverage;

1 (3) the secured party shall keep the collateral identifiable, but
2 fungible collateral may be commingled; and

3 (4) the secured party may use or operate the collateral:

4 (A) for the purpose of preserving the collateral or its value;

5 (B) as permitted by an order of a court having competent
6 jurisdiction; or

7 (C) except in the case of consumer goods, in the manner and to the
8 extent agreed by the debtor.

9 (c) Except as otherwise provided in subsection (d), a secured party
10 having possession of collateral or control of collateral under section
11 7-106, 9-104, 9-105, 9-105A, 9-106, ~~9-107~~, or 9-107A:

12 (1) may hold as additional security any proceeds, except money or
13 funds, received from the collateral;

14 (2) shall apply money or funds received from the collateral to
15 reduce the secured obligation, unless remitted to the debtor; and

16 (3) may create a security interest in the collateral.

17 (d) If the secured party is a buyer of accounts, chattel paper,
18 payment intangibles, or promissory notes or a consignor:

19 (1) subsection (a) does not apply unless the secured party is
20 entitled under an agreement:

21 (A) to charge back uncollected collateral; or

22 (B) otherwise to full or limited recourse against the debtor or a
23 secondary obligor based on the nonpayment or other default of an account
24 debtor or other obligor on the collateral; and

25 (2) subsections (b) and (c) do not apply.

26 Sec. 52. Section 9-208, Uniform Commercial Code, Reissue Revised
27 Statutes of Nebraska, is amended to read:

28 9-208 Additional duties of secured party having control of
29 collateral.

30 (a) This section applies to cases in which there is no outstanding
31 secured obligation and the secured party is not committed to make

1 advances, incur obligations, or otherwise give value.

2 (b) Within ten days after receiving a signed ~~an authenticated~~ demand
3 by the debtor:

4 (1) a secured party having control of a deposit account under
5 section 9-104(a)(2) shall send to the bank with which the deposit account
6 is maintained a signed record ~~an authenticated statement~~ that releases
7 the bank from any further obligation to comply with instructions
8 originated by the secured party;

9 (2) a secured party having control of a deposit account under
10 section 9-104(a)(3) shall:

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

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

14 (3) a secured party, other than a buyer, having control of
15 ~~electronic chattel paper~~ under section 9-105 of an authoritative
16 electronic copy of a record evidencing chattel paper shall transfer
17 control of the electronic copy to the debtor or a person designated by
18 the debtor; shall:

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

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

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

1 (4) a secured party having control of investment property under
2 section 8-106(d)(2) or 9-106(b) shall send to the securities intermediary
3 or commodity intermediary with which the security entitlement or
4 commodity contract is maintained a signed ~~an authenticated~~ record that
5 releases the securities intermediary or commodity intermediary from any
6 further obligation to comply with entitlement orders or directions
7 originated by the secured party;

8 (5) a secured party having control of a letter-of-credit right under
9 section 9-107 shall send to each person having an unfulfilled obligation
10 to pay or deliver proceeds of the letter of credit to the secured party a
11 signed ~~an authenticated~~ release from any further obligation to pay or
12 deliver proceeds of the letter of credit to the secured party; ~~and~~

13 (6) a secured party having control under section 7-106 of an
14 authoritative electronic copy of an electronic document of title shall
15 transfer control of the electronic copy to the debtor or a person
16 designated by the debtor; of an electronic document shall:

17 (7) a secured party having control under section 9-105A of
18 electronic money shall transfer control of the electronic money to the
19 debtor or a person designated by the debtor; and

20 (8) a secured party having control under section 12-105 of a
21 controllable electronic record, other than a buyer of a controllable
22 account or controllable payment intangible evidenced by the controllable
23 electronic record, shall transfer control of the controllable electronic
24 record to the debtor or a person designated by the debtor.

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

27 (B) ~~if the debtor designates a custodian that is the designated~~
28 ~~custodian with which the authoritative copy of the electronic document is~~
29 ~~maintained for the secured party, communicate to the custodian an~~
30 ~~authenticated record releasing the designated custodian from any further~~
31 ~~obligation to comply with instructions originated by the secured party~~

1 ~~and instructing the custodian to comply with instructions originated by~~
2 ~~the debtor; and~~

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

7 Sec. 53. Section 9-209, Uniform Commercial Code, Reissue Revised
8 Statutes of Nebraska, is amended to read:

9 9-209 Duties of secured party if account debtor has been notified of
10 assignment.

11 (a) Except as otherwise provided in subsection (c), this section
12 applies if:

13 (1) there is no outstanding secured obligation; and

14 (2) the secured party is not committed to make advances, incur
15 obligations, or otherwise give value.

16 (b) Within ten days after receiving a signed ~~an authenticated~~ demand
17 by the debtor, a secured party shall send to an account debtor that has
18 received notification under section 9-406(a) or 12-106(b) of an
19 assignment to the secured party as assignee a signed ~~under section~~
20 ~~9-406(a) an authenticated~~ record that releases the account debtor from
21 any further obligation to the secured party.

22 (c) This section does not apply to an assignment constituting the
23 sale of an account, chattel paper, or payment intangible.

24 Sec. 54. Section 9-210, Uniform Commercial Code, Reissue Revised
25 Statutes of Nebraska, is amended to read:

26 9-210 Request for accounting; request regarding list of collateral
27 or statement of account.

28 (a) In this section:

29 (1) "Request" means a record of a type described in subdivision (2),
30 (3), or (4).

31 (2) "Request for an accounting" means a record signed ~~authenticated~~

1 by a debtor requesting that the recipient provide an accounting of the
2 unpaid obligations secured by collateral and reasonably identifying the
3 transaction or relationship that is the subject of the request.

4 (3) "Request regarding a list of collateral" means a record signed
5 ~~authenticated~~ by a debtor requesting that the recipient approve or
6 correct a list of what the debtor believes to be the collateral securing
7 an obligation and reasonably identifying the transaction or relationship
8 that is the subject of the request.

9 (4) "Request regarding a statement of account" means a record signed
10 ~~authenticated~~ by a debtor requesting that the recipient approve or
11 correct a statement indicating what the debtor believes to be the
12 aggregate amount of unpaid obligations secured by collateral as of a
13 specified date and reasonably identifying the transaction or relationship
14 that is the subject of the request.

15 (b) Subject to subsections (c), (d), (e), and (f), a secured party,
16 other than a buyer of accounts, chattel paper, payment intangibles, or
17 promissory notes or a consignor, shall comply with a request within
18 fourteen days after receipt:

19 (1) in the case of a request for an accounting, by signing
20 ~~authenticating~~ and sending to the debtor an accounting; and

21 (2) in the case of a request regarding a list of collateral or a
22 request regarding a statement of account, by signing ~~authenticating~~ and
23 sending to the debtor an approval or correction.

24 (c) A secured party that claims a security interest in all of a
25 particular type of collateral owned by the debtor may comply with a
26 request regarding a list of collateral by sending to the debtor a signed
27 ~~an authenticated~~ record including a statement to that effect within
28 fourteen days after receipt.

29 (d) A person that receives a request regarding a list of collateral,
30 claims no interest in the collateral when it receives the request, and
31 claimed an interest in the collateral at an earlier time shall comply

1 with the request within fourteen days after receipt by sending to the
2 debtor a signed ~~an authenticated~~ record:

3 (1) disclaiming any interest in the collateral; and

4 (2) if known to the recipient, providing the name and mailing
5 address of any assignee of or successor to the recipient's interest in
6 the collateral.

7 (e) A person that receives a request for an accounting or a request
8 regarding a statement of account, claims no interest in the obligations
9 when it receives the request, and claimed an interest in the obligations
10 at an earlier time shall comply with the request within fourteen days
11 after receipt by sending to the debtor a signed ~~an authenticated~~ record:

12 (1) disclaiming any interest in the obligations; and

13 (2) if known to the recipient, providing the name and mailing
14 address of any assignee of or successor to the recipient's interest in
15 the obligations.

16 (f) A debtor is entitled without charge to one response to a request
17 under this section during any six-month period. The secured party may
18 require payment of a charge not exceeding twenty-five dollars for each
19 additional response.

20 Sec. 55. Section 9-301, Uniform Commercial Code, Revised Statutes
21 Cumulative Supplement, 2022, is amended to read:

22 9-301 Law governing perfection and priority of security interests.

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

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

31 (2) While collateral is located in a jurisdiction, the local law of

1 that jurisdiction governs perfection, the effect of perfection or
2 nonperfection, and the priority of a possessory security interest in that
3 collateral.

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

8 (A) perfection of a security interest in the goods by filing a
9 fixture filing;

10 (B) perfection of a security interest in timber to be cut; and

11 (C) the effect of perfection or nonperfection and the priority of a
12 nonpossessory security interest in the collateral.

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

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

19 (A) perfection by control of a security interest in an account,
20 controllable electronic record, or payment intangible; and

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

24 Sec. 56. Section 9-304, Uniform Commercial Code, Reissue Revised
25 Statutes of Nebraska, is amended to read:

26 9-304 Law governing perfection and priority of security interests in
27 deposit accounts.

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

1 (b) The following rules determine a bank's jurisdiction for purposes
2 of this part:

3 (1) If an agreement between the bank and its customer governing the
4 deposit account expressly provides that a particular jurisdiction is the
5 bank's jurisdiction for purposes of this part, this article, or the
6 Uniform Commercial Code, that jurisdiction is the bank's jurisdiction.

7 (2) If subdivision (1) does not apply and an agreement between the
8 bank and its customer governing the deposit account expressly provides
9 that the agreement is governed by the law of a particular jurisdiction,
10 that jurisdiction is the bank's jurisdiction.

11 (3) If neither subdivision (1) nor subdivision (2) applies and an
12 agreement between the bank and its customer governing the deposit account
13 expressly provides that the deposit account is maintained at an office in
14 a particular jurisdiction, that jurisdiction is the bank's jurisdiction.

15 (4) If none of the preceding subdivisions applies, the bank's
16 jurisdiction is the jurisdiction in which the office identified in an
17 account statement as the office serving the customer's account is
18 located.

19 (5) If none of the preceding subdivisions applies, the bank's
20 jurisdiction is the jurisdiction in which the chief executive office of
21 the bank is located.

22 Sec. 57. Section 9-305, Uniform Commercial Code, Reissue Revised
23 Statutes of Nebraska, is amended to read:

24 9-305 Law governing perfection and priority of security interests in
25 investment property.

26 (a) Except as otherwise provided in subsection (c), the following
27 rules apply:

28 (1) While a security certificate is located in a jurisdiction, the
29 local law of that jurisdiction governs perfection, the effect of
30 perfection or nonperfection, and the priority of a security interest in
31 the certificated security represented thereby.

1 (2) The local law of the issuer's jurisdiction as specified in
2 section 8-110(d) governs perfection, the effect of perfection or
3 nonperfection, and the priority of a security interest in an
4 uncertificated security.

5 (3) The local law of the securities intermediary's jurisdiction as
6 specified in section 8-110(e) governs perfection, the effect of
7 perfection or nonperfection, and the priority of a security interest in a
8 security entitlement or securities account.

9 (4) The local law of the commodity intermediary's jurisdiction
10 governs perfection, the effect of perfection or nonperfection, and the
11 priority of a security interest in a commodity contract or commodity
12 account.

13 (5) Subdivisions (2), (3), and (4) apply even if the transaction
14 does not bear any relation to the jurisdiction.

15 (b) The following rules determine a commodity intermediary's
16 jurisdiction for purposes of this part:

17 (1) If an agreement between the commodity intermediary and commodity
18 customer governing the commodity account expressly provides that a
19 particular jurisdiction is the commodity intermediary's jurisdiction for
20 purposes of this part, this article, or the Uniform Commercial Code, that
21 jurisdiction is the commodity intermediary's jurisdiction.

22 (2) If subdivision (1) does not apply and an agreement between the
23 commodity intermediary and commodity customer governing the commodity
24 account expressly provides that the agreement is governed by the law of a
25 particular jurisdiction, that jurisdiction is the commodity
26 intermediary's jurisdiction.

27 (3) If neither subdivision (1) nor subdivision (2) applies and an
28 agreement between the commodity intermediary and commodity customer
29 governing the commodity account expressly provides that the commodity
30 account is maintained at an office in a particular jurisdiction, that
31 jurisdiction is the commodity intermediary's jurisdiction.

1 (4) If none of the preceding subdivisions applies, the commodity
2 intermediary's jurisdiction is the jurisdiction in which the office
3 identified in an account statement as the office serving the commodity
4 customer's account is located.

5 (5) If none of the preceding subdivisions applies, the commodity
6 intermediary's jurisdiction is the jurisdiction in which the chief
7 executive office of the commodity intermediary is located.

8 (c) The local law of the jurisdiction in which the debtor is located
9 governs:

10 (1) perfection of a security interest in investment property by
11 filing;

12 (2) automatic perfection of a security interest in investment
13 property created by a broker or securities intermediary; and

14 (3) automatic perfection of a security interest in a commodity
15 contract or commodity account created by a commodity intermediary.

16 Sec. 58. The Uniform Commercial Code is amended by adding new
17 section:

18 9-306A Law governing perfection and priority of security interests
19 in chattel paper.

20 (a) Except as provided in subsection (d), if chattel paper is
21 evidenced only by an authoritative electronic copy of the chattel paper
22 or is evidenced by an authoritative electronic copy and an authoritative
23 tangible copy, the local law of the chattel paper's jurisdiction governs
24 perfection, the effect of perfection or nonperfection, and the priority
25 of a security interest in the chattel paper, even if the transaction does
26 not bear any relation to the chattel paper's jurisdiction.

27 (b) The following rules determine the chattel paper's jurisdiction
28 under this section:

29 (1) If the authoritative electronic copy of the record evidencing
30 chattel paper, or a record attached to or logically associated with the
31 electronic copy and readily available for review, expressly provides that

1 a particular jurisdiction is the chattel paper's jurisdiction for
2 purposes of this part, this article, or the Uniform Commercial Code, that
3 jurisdiction is the chattel paper's jurisdiction.

4 (2) If subdivision (1) does not apply and the rules of the system in
5 which the authoritative electronic copy is recorded are readily available
6 for review and expressly provide that a particular jurisdiction is the
7 chattel paper's jurisdiction for purposes of this part, this article, or
8 the Uniform Commercial Code, that jurisdiction is the chattel paper's
9 jurisdiction.

10 (3) If subdivisions (1) and (2) do not apply and the authoritative
11 electronic copy, or a record attached to or logically associated with the
12 electronic copy and readily available for review, expressly provides that
13 the chattel paper is governed by the law of a particular jurisdiction,
14 that jurisdiction is the chattel paper's jurisdiction.

15 (4) If subdivisions (1), (2), and (3) do not apply and the rules of
16 the system in which the authoritative electronic copy is recorded are
17 readily available for review and expressly provide that the chattel paper
18 or the system is governed by the law of a particular jurisdiction, that
19 jurisdiction is the chattel paper's jurisdiction.

20 (5) If subdivisions (1) through (4) do not apply, the chattel
21 paper's jurisdiction is the jurisdiction in which the debtor is located.

22 (c) If an authoritative tangible copy of a record evidences chattel
23 paper and the chattel paper is not evidenced by an authoritative
24 electronic copy, while the authoritative tangible copy of the record
25 evidencing chattel paper is located in a jurisdiction, the local law of
26 that jurisdiction governs:

27 (1) perfection of a security interest in the chattel paper by
28 possession under section 9-314A; and

29 (2) the effect of perfection or nonperfection and the priority of a
30 security interest in the chattel paper.

31 (d) The local law of the jurisdiction in which the debtor is located

1 governs perfection of a security interest in chattel paper by filing.

2 Sec. 59. The Uniform Commercial Code is amended by adding new
3 section:

4 9-306B Law governing perfection and priority of security interests
5 in controllable accounts, controllable electronic records, and
6 controllable payment intangibles.

7 (a) Except as provided in subsection (b), the local law of the
8 controllable electronic record's jurisdiction specified in section
9 12-107(c) and (d) governs perfection, the effect of perfection or
10 nonperfection, and the priority of a security interest in a controllable
11 electronic record and a security interest in a controllable account or
12 controllable payment intangible evidenced by the controllable electronic
13 record.

14 (b) The local law of the jurisdiction in which the debtor is located
15 governs:

16 (1) perfection of a security interest in a controllable account,
17 controllable electronic record, or controllable payment intangible by
18 filing; and

19 (2) automatic perfection of a security interest in a controllable
20 payment intangible created by a sale of the controllable payment
21 intangible.

22 Sec. 60. Section 9-310, Uniform Commercial Code, Revised Statutes
23 Cumulative Supplement, 2022, is amended to read:

24 9-310 When filing required to perfect security interest or
25 agricultural lien; security interests and agricultural liens to which
26 filing provisions do not apply.

27 (a) Except as otherwise provided in subsection (b) and section
28 9-312(b), a financing statement must be filed to perfect all security
29 interests and agricultural liens.

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

- 1 (1) that is perfected under section 9-308(d), (e), (f), or (g);
- 2 (2) that is perfected under section 9-309 when it attaches;
- 3 (3) in property subject to a statute, regulation, or treaty
- 4 described in section 9-311(a);
- 5 (4) in goods in possession of a bailee which is perfected under
- 6 section 9-312(d)(1) or (2);
- 7 (5) in certificated securities, documents, goods, or instruments
- 8 which is perfected without filing, control, or possession under section
- 9 9-312(e), (f), or (g);
- 10 (6) in collateral in the secured party's possession under section
- 11 9-313;
- 12 (7) in a certificated security which is perfected by delivery of the
- 13 security certificate to the secured party under section 9-313;
- 14 (8) in controllable accounts, controllable electronic records,
- 15 controllable payment intangibles, deposit accounts, ~~electronic chattel~~
- 16 ~~paper,~~ electronic documents, investment property, ~~accounts,~~ ~~payment~~
- 17 ~~intangibles,~~ ~~controllable electronic records,~~ or letter-of-credit rights
- 18 which is perfected by control under section 9-314;
- 19 (8.1) in chattel paper which is perfected by possession and control
- 20 under section 9-314A;
- 21 (9) in proceeds which is perfected under section 9-315; or
- 22 (10) that is perfected under section 9-316.

23 (c) If a secured party assigns a perfected security interest or

24 agricultural lien, a filing under this article is not required to

25 continue the perfected status of the security interest against creditors

26 of and transferees from the original debtor.

27 Sec. 61. Section 9-312, Uniform Commercial Code, Revised Statutes

28 Cumulative Supplement, 2022, is amended to read:

29 9-312 Perfection of security interests in chattel paper,

30 controllable accounts, controllable electronic records, controllable

31 payment intangibles, deposit accounts, negotiable documents, goods

1 covered by documents, instruments, investment property, ~~controllable~~
2 ~~electronic records, certain accounts and payment intangibles,~~ letter-of-
3 credit rights, and money; perfection by permissive filing; temporary
4 perfection without filing or transfer of possession.

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

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

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

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

18 (3) a security interest in tangible money may be perfected only by
19 the secured party's taking possession under section 9-313; ~~and~~ -

20 (4) a security interest in electronic money may be perfected only by
21 control under section 9-314.

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

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

26 (2) a security interest perfected in the document has priority over
27 any security interest that becomes perfected in the goods by another
28 method during that time.

29 (d) While goods are in the possession of a bailee that has issued a
30 nonnegotiable document covering the goods, a security interest in the
31 goods may be perfected by:

1 (1) issuance of a document in the name of the secured party;

2 (2) the bailee's receipt of notification of the secured party's
3 interest; or

4 (3) filing as to the goods.

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

10 (f) A perfected security interest in a negotiable document or goods
11 in possession of a bailee, other than one that has issued a negotiable
12 document for the goods, remains perfected for twenty days without filing
13 if the secured party makes available to the debtor the goods or documents
14 representing the goods for the purpose of:

15 (1) ultimate sale or exchange; or

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

19 (g) A perfected security interest in a certificated security or
20 instrument remains perfected for twenty days without filing if the
21 secured party delivers the security certificate or instrument to the
22 debtor for the purpose of:

23 (1) ultimate sale or exchange; or

24 (2) presentation, collection, enforcement, renewal, or registration
25 of transfer.

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

28 Sec. 62. Section 9-313, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 9-313 When possession by or delivery to secured party perfects
31 security interest without filing.

1 (a) Except as otherwise provided in subsection (b), a secured party
2 may perfect a security interest in ~~tangible negotiable documents,~~ goods,
3 instruments, negotiable tangible documents, or tangible money, ~~or~~
4 ~~tangible chattel paper~~ by taking possession of the collateral. A secured
5 party may perfect a security interest in certificated securities by
6 taking delivery of the certificated securities under section 8-301.

7 (b) With respect to goods covered by a certificate of title issued
8 by this state, a secured party may perfect a security interest in the
9 goods by taking possession of the goods only in the circumstances
10 described in section 9-316(d).

11 (c) With respect to collateral other than certificated securities
12 and goods covered by a document, a secured party takes possession of
13 collateral in the possession of a person other than the debtor, the
14 secured party, or a lessee of the collateral from the debtor in the
15 ordinary course of the debtor's business, when:

16 (1) the person in possession signs ~~authenticates~~ a record
17 acknowledging that it holds possession of the collateral for the secured
18 party's benefit; or

19 (2) the person takes possession of the collateral after having
20 signed ~~authenticated~~ a record acknowledging that it will hold possession
21 of the collateral for the secured party's benefit.

22 (d) If perfection of a security interest depends upon possession of
23 the collateral by a secured party, perfection occurs not ~~no~~ earlier than
24 the time the secured party takes possession and continues only while the
25 secured party retains possession.

26 (e) A security interest in a certificated security in registered
27 form is perfected by delivery when delivery of the certificated security
28 occurs under section 8-301 and remains perfected by delivery until the
29 debtor obtains possession of the security certificate.

30 (f) A person in possession of collateral is not required to
31 acknowledge that it holds possession for a secured party's benefit.

1 (g) If a person acknowledges that it holds possession for the
2 secured party's benefit:

3 (1) the acknowledgment is effective under subsection (c) or section
4 8-301(a), even if the acknowledgment violates the rights of a debtor; and

5 (2) unless the person otherwise agrees or law other than this
6 article otherwise provides, the person does not owe any duty to the
7 secured party and is not required to confirm the acknowledgment to
8 another person.

9 (h) A secured party having possession of collateral does not
10 relinquish possession by delivering the collateral to a person other than
11 the debtor or a lessee of the collateral from the debtor in the ordinary
12 course of the debtor's business if the person was instructed before the
13 delivery or is instructed contemporaneously with the delivery:

14 (1) to hold possession of the collateral for the secured party's
15 benefit; or

16 (2) to redeliver the collateral to the secured party.

17 (i) A secured party does not relinquish possession, even if a
18 delivery under subsection (h) violates the rights of a debtor. A person
19 to which collateral is delivered under subsection (h) does not owe any
20 duty to the secured party and is not required to confirm the delivery to
21 another person unless the person otherwise agrees or law other than this
22 article otherwise provides.

23 Sec. 63. Section 9-314, Uniform Commercial Code, Revised Statutes
24 Cumulative Supplement, 2022, is amended to read:

25 9-314 Perfection by control.

26 (a) A security interest in controllable accounts, controllable
27 electronic records, controllable payment intangibles, deposit accounts,
28 electronic documents, electronic money, investment property, or letter-
29 of-credit rights investment property, deposit accounts, accounts, payment
30 intangibles, controllable electronic records, letter-of-credit rights,
31 electronic chattel paper, or electronic documents may be perfected by

1 control of the collateral under section 7-106, 9-104, 9-105, 9-105A,
2 9-106, 9-107, or 9-107A.

3 (b) A security interest in controllable accounts, controllable
4 electronic records, controllable payment intangibles, deposit accounts,
5 electronic documents, electronic money, or letter-of-credit rights
6 ~~deposit accounts, electronic chattel paper, accounts, payment~~
7 ~~intangibles, controllable electronic records, letter-of-credit rights, or~~
8 ~~electronic documents~~ is perfected by control under section 7-106, 9-104,
9 9-105, 9-105A, 9-107, or 9-107A not earlier than the time when the
10 secured party obtains control and remains perfected by control only while
11 the secured party retains control.

12 (c) A security interest in investment property is perfected by
13 control under section 9-106 not earlier than ~~from~~ the time the secured
14 party obtains control and remains perfected by control until:

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

16 (2) one of the following occurs:

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

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

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

23 Sec. 64. The Uniform Commercial Code is amended by adding new
24 section:

25 9-314A Perfection by possession and control of chattel paper.

26 (a) A secured party may perfect a security interest in chattel paper
27 by taking possession of each authoritative tangible copy of the record
28 evidencing the chattel paper and obtaining control of each authoritative
29 electronic copy of the electronic record evidencing the chattel paper.

30 (b) A security interest is perfected under subsection (a) not
31 earlier than the time the secured party takes possession and obtains

1 control and remains perfected under subsection (a) only while the secured
2 party retains possession and control.

3 (c) Section 9-313(c) and (f) through (i) applies to perfection by
4 possession of an authoritative tangible copy of a record evidencing
5 chattel paper.

6 Sec. 65. Section 9-316, Uniform Commercial Code, Reissue Revised
7 Statutes of Nebraska, is amended to read:

8 9-316 Continued perfection of security interest following ~~Effect of~~
9 change in governing law.

10 (a) A security interest perfected pursuant to the law of the
11 jurisdiction designated in section 9-301(1), ~~or~~ 9-305(c), 9-306A(d), or
12 9-306B(b) remains perfected until the earliest of:

13 (1) the time perfection would have ceased under the law of that
14 jurisdiction;

15 (2) the expiration of four months after a change of the debtor's
16 location to another jurisdiction; or

17 (3) the expiration of one year after a transfer of collateral to a
18 person that thereby becomes a debtor and is located in another
19 jurisdiction.

20 (b) If a security interest described in subsection (a) becomes
21 perfected under the law of the other jurisdiction before the earliest
22 time or event described in that subsection, it remains perfected
23 thereafter. If the security interest does not become perfected under the
24 law of the other jurisdiction before the earliest time or event, it
25 becomes unperfected and is deemed never to have been perfected as against
26 a purchaser of the collateral for value.

27 (c) A possessory security interest in collateral, other than goods
28 covered by a certificate of title and as-extracted collateral consisting
29 of goods, remains continuously perfected if:

30 (1) the collateral is located in one jurisdiction and subject to a
31 security interest perfected under the law of that jurisdiction;

1 (2) thereafter the collateral is brought into another jurisdiction;
2 and

3 (3) upon entry into the other jurisdiction, the security interest is
4 perfected under the law of the other jurisdiction.

5 (d) Except as otherwise provided in subsection (e), a security
6 interest in goods covered by a certificate of title which is perfected by
7 any method under the law of another jurisdiction when the goods become
8 covered by a certificate of title from this state remains perfected until
9 the security interest would have become unperfected under the law of the
10 other jurisdiction had the goods not become so covered.

11 (e) A security interest described in subsection (d) becomes
12 unperfected as against a purchaser of the goods for value and is deemed
13 never to have been perfected as against a purchaser of the goods for
14 value if the applicable requirements for perfection under section
15 9-311(b) or 9-313 are not satisfied before the earlier of:

16 (1) the time the security interest would have become unperfected
17 under the law of the other jurisdiction had the goods not become covered
18 by a certificate of title from this state; or

19 (2) the expiration of four months after the goods had become so
20 covered.

21 (f) A security interest in chattel paper, controllable accounts,
22 controllable electronic records, controllable payment intangibles,
23 deposit accounts, letter-of-credit rights, or investment property which
24 is perfected under the law of the chattel paper's jurisdiction, the
25 controllable electronic record's jurisdiction, the bank's jurisdiction,
26 the issuer's jurisdiction, a nominated person's jurisdiction, the
27 securities intermediary's jurisdiction, or the commodity intermediary's
28 jurisdiction, as applicable, remains perfected until the earlier of:

29 (1) the time the security interest would have become unperfected
30 under the law of that jurisdiction; or

31 (2) the expiration of four months after a change of the applicable

1 jurisdiction to another jurisdiction.

2 (g) If a security interest described in subsection (f) becomes
3 perfected under the law of the other jurisdiction before the earlier of
4 the time or the end of the period described in that subsection, it
5 remains perfected thereafter. If the security interest does not become
6 perfected under the law of the other jurisdiction before the earlier of
7 that time or the end of that period, it becomes unperfected and is deemed
8 never to have been perfected as against a purchaser of the collateral for
9 value.

10 (h) The following rules apply to collateral to which a security
11 interest attaches within four months after the debtor changes its
12 location to another jurisdiction:

13 (1) A financing statement filed before the change pursuant to the
14 law of the jurisdiction designated in section 9-301(1) or 9-305(c) is
15 effective to perfect a security interest in the collateral if the
16 financing statement would have been effective to perfect a security
17 interest in the collateral had the debtor not changed its location.

18 (2) If a security interest perfected by a financing statement that
19 is effective under subdivision (1) becomes perfected under the law of the
20 other jurisdiction before the earlier of the time the financing statement
21 would have become ineffective under the law of the jurisdiction
22 designated in section 9-301(1) or 9-305(c) or the expiration of the four-
23 month period, it remains perfected thereafter. If the security interest
24 does not become perfected under the law of the other jurisdiction before
25 the earlier time or event, it becomes unperfected and is deemed never to
26 have been perfected as against a purchaser of the collateral for value.

27 (i) If a financing statement naming an original debtor is filed
28 pursuant to the law of the jurisdiction designated in section 9-301(1) or
29 9-305(c) and the new debtor is located in another jurisdiction, the
30 following rules apply:

31 (1) The financing statement is effective to perfect a security

1 interest in collateral acquired by the new debtor before, and within four
2 months after, the new debtor becomes bound under section 9-203(d), if the
3 financing statement would have been effective to perfect a security
4 interest in the collateral had the collateral been acquired by the
5 original debtor.

6 (2) A security interest perfected by the financing statement and
7 which becomes perfected under the law of the other jurisdiction before
8 the earlier of the time the financing statement would have become
9 ineffective under the law of the jurisdiction designated in section
10 9-301(1) or 9-305(c) or the expiration of the four-month period remains
11 perfected thereafter. A security interest that is perfected by the
12 financing statement but which does not become perfected under the law of
13 the other jurisdiction before the earlier time or event becomes
14 unperfected and is deemed never to have been perfected as against a
15 purchaser of the collateral for value.

16 Sec. 66. Section 9-317, Uniform Commercial Code, Reissue Revised
17 Statutes of Nebraska, is amended to read:

18 9-317 Interests that take priority over or take free of security
19 interest or agricultural lien.

20 (a) A security interest or agricultural lien is subordinate to the
21 rights of:

22 (1) a person entitled to priority under section 9-322; and

23 (2) except as otherwise provided in subsection (e), a person that
24 becomes a lien creditor before the earlier of the time:

25 (A) the security interest or agricultural lien is perfected; or

26 (B) one of the conditions specified in section 9-203(b)(3) is met
27 and a financing statement covering the collateral is filed.

28 (b) Except as otherwise provided in subsection (e), a buyer, other
29 than a secured party, of ~~tangible chattel paper, tangible documents,~~
30 goods, instruments, tangible documents, or a ~~certificated~~ security
31 certificate takes free of a security interest or agricultural lien if the

1 buyer gives value and receives delivery of the collateral without
2 knowledge of the security interest or agricultural lien and before it is
3 perfected.

4 (c) Except as otherwise provided in subsection (e), a lessee of
5 goods takes free of a security interest or agricultural lien if the
6 lessee gives value and receives delivery of the collateral without
7 knowledge of the security interest or agricultural lien and before it is
8 perfected.

9 (d) Subject to subsections (f) through (i), a A licensee of a
10 general intangible or a buyer, other than a secured party, of collateral
11 other than electronic money tangible chattel paper, tangible documents,
12 goods, instruments, tangible documents, or a certificated security takes
13 free of a security interest if the licensee or buyer gives value without
14 knowledge of the security interest and before it is perfected.

15 (e) Except as otherwise provided in sections 9-320 and 9-321, if a
16 person files a financing statement with respect to a purchase-money
17 security interest before or within thirty days after the debtor receives
18 delivery of the collateral, the security interest takes priority over the
19 rights of a buyer, lessee, or lien creditor which arise between the time
20 the security interest attaches and the time of filing.

21 (f) A buyer, other than a secured party, of chattel paper takes free
22 of a security interest if, without knowledge of the security interest and
23 before it is perfected, the buyer gives value and:

24 (1) receives delivery of each authoritative tangible copy of the
25 record evidencing the chattel paper; and

26 (2) if each authoritative electronic copy of the record evidencing
27 the chattel paper can be subjected to control under section 9-105,
28 obtains control of each authoritative electronic copy.

29 (g) A buyer of an electronic document takes free of a security
30 interest if, without knowledge of the security interest and before it is
31 perfected, the buyer gives value and, if each authoritative electronic

1 copy of the document can be subjected to control under section 7-106,
2 obtains control of each authoritative electronic copy.

3 (h) A buyer of a controllable electronic record takes free of a
4 security interest if, without knowledge of the security interest and
5 before it is perfected, the buyer gives value and obtains control of the
6 controllable electronic record.

7 (i) A buyer, other than a secured party, of a controllable account
8 or a controllable payment intangible takes free of a security interest
9 if, without knowledge of the security interest and before it is
10 perfected, the buyer gives value and obtains control of the controllable
11 account or controllable payment intangible.

12 Sec. 67. Section 9-323, Uniform Commercial Code, Reissue Revised
13 Statutes of Nebraska, is amended to read:

14 9-323 Future advances.

15 (a) Except as otherwise provided in subsection (c), for purposes of
16 determining the priority of a perfected security interest under section
17 9-322(a)(1), perfection of the security interest dates from the time an
18 advance is made to the extent that the security interest secures an
19 advance that:

20 (1) is made while the security interest is perfected only:

21 (A) under section 9-309 when it attaches; or

22 (B) temporarily under section 9-312(e), (f), or (g); and

23 (2) is not made pursuant to a commitment entered into before or
24 while the security interest is perfected by a method other than under
25 section 9-309 or 9-312(e), (f), or (g).

26 (b) Except as otherwise provided in subsection (c), a security
27 interest is subordinate to the rights of a person that becomes a lien
28 creditor to the extent that the security interest secures an advance made
29 more than forty-five days after the person becomes a lien creditor unless
30 the advance is made:

31 (1) without knowledge of the lien; or

1 (2) pursuant to a commitment entered into without knowledge of the
2 lien.

3 (c) Subsections (a) and (b) do not apply to a security interest held
4 by a secured party that is a buyer of accounts, chattel paper, payment
5 intangibles, or promissory notes or a consignor.

6 (d) Except as otherwise provided in subsection (e), a buyer of goods
7 ~~other than a buyer in ordinary course of business~~ takes free of a
8 security interest to the extent that it secures advances made after the
9 earlier of:

10 (1) the time the secured party acquires knowledge of the buyer's
11 purchase; or

12 (2) forty-five days after the purchase.

13 (e) Subsection (d) does not apply if the advance is made pursuant to
14 a commitment entered into without knowledge of the buyer's purchase and
15 before the expiration of the forty-five-day period.

16 (f) Except as otherwise provided in subsection (g), a lessee of
17 goods, ~~other than a lessee in ordinary course of business,~~ takes the
18 leasehold interest free of a security interest to the extent that it
19 secures advances made after the earlier of:

20 (1) the time the secured party acquires knowledge of the lease; or

21 (2) forty-five days after the lease contract becomes enforceable.

22 (g) Subsection (f) does not apply if the advance is made pursuant to
23 a commitment entered into without knowledge of the lease and before the
24 expiration of the forty-five-day period.

25 Sec. 68. Section 9-324, Uniform Commercial Code, Reissue Revised
26 Statutes of Nebraska, is amended to read:

27 9-324 Priority of purchase-money security interests.

28 (a) Except as otherwise provided in subsection (g), a perfected
29 purchase-money security interest in goods other than inventory or
30 livestock has priority over a conflicting security interest in the same
31 goods, and, except as otherwise provided in section 9-327, a perfected

1 security interest in its identifiable proceeds also has priority, if the
2 purchase-money security interest is perfected when the debtor receives
3 possession of the collateral or within thirty days thereafter.

4 (b) Subject to subsection (c) and except as otherwise provided in
5 subsection (g), a perfected purchase-money security interest in inventory
6 has priority over a conflicting security interest in the same inventory,
7 has priority over a conflicting security interest in chattel paper or an
8 instrument constituting proceeds of the inventory and in proceeds of the
9 chattel paper, if so provided in section 9-330, and, except as otherwise
10 provided in section 9-327, also has priority in identifiable cash
11 proceeds of the inventory to the extent the identifiable cash proceeds
12 are received on or before the delivery of the inventory to a buyer, if:

13 (1) the purchase-money security interest is perfected when the
14 debtor receives possession of the inventory;

15 (2) the purchase-money secured party sends a signed ~~an authenticated~~
16 notification to the holder of the conflicting security interest;

17 (3) the holder of the conflicting security interest receives the
18 notification within five years before the debtor receives possession of
19 the inventory; and

20 (4) the notification states that the person sending the notification
21 has or expects to acquire a purchase-money security interest in inventory
22 of the debtor and describes the inventory.

23 (c) Subdivisions (b)(2) through (4) apply only if the holder of the
24 conflicting security interest had filed a financing statement covering
25 the same types of inventory:

26 (1) if the purchase-money security interest is perfected by filing,
27 before the date of the filing; or

28 (2) if the purchase-money security interest is temporarily perfected
29 without filing or possession under section 9-312(f), before the beginning
30 of the twenty-day period thereunder.

31 (d)(1) Subject to subsection (e) and except as otherwise provided in

1 subsection (g), a perfected purchase-money security interest in livestock
2 that are farm products has priority over a conflicting security interest
3 in the same livestock, and, except as otherwise provided in section
4 9-327, a perfected security interest in their identifiable proceeds and
5 identifiable products in their unmanufactured states also has priority,
6 if:

7 (A) the purchase-money security interest is perfected when the
8 debtor receives possession of the livestock;

9 (B) the purchase-money secured party sends a signed ~~an authenticated~~
10 notification to the holder of the conflicting security interest;

11 (C) the holder of the conflicting security interest receives the
12 notification within six months before the debtor receives possession of
13 the livestock; and

14 (D) the notification states that the person sending the notification
15 has or expects to acquire a purchase-money security interest in livestock
16 of the debtor and describes the livestock.

17 (2) For purposes of this subsection, possession means (A) possession
18 by the debtor or (B) possession by a third party on behalf of or at the
19 direction of the debtor, including, but not limited to, possession by a
20 bailee or an agent of the debtor.

21 (e) Subdivisions (d)(1)(B) through (D) apply only if the holder of
22 the conflicting security interest had filed a financing statement
23 covering the same types of livestock:

24 (1) if the purchase-money security interest is perfected by filing,
25 before the date of the filing; or

26 (2) if the purchase-money security interest is temporarily perfected
27 without filing or possession under section 9-312(f), before the beginning
28 of the twenty-day period thereunder.

29 (f) Except as otherwise provided in subsection (g), a perfected
30 purchase-money security interest in software has priority over a
31 conflicting security interest in the same collateral, and, except as

1 otherwise provided in section 9-327, a perfected security interest in its
2 identifiable proceeds also has priority, to the extent that the purchase-
3 money security interest in the goods in which the software was acquired
4 for use has priority in the goods and proceeds of the goods under this
5 section.

6 (g) If more than one security interest qualifies for priority in the
7 same collateral under subsection (a), (b), (d), or (f):

8 (1) a security interest securing an obligation incurred as all or
9 part of the price of the collateral has priority over a security interest
10 securing an obligation incurred for value given to enable the debtor to
11 acquire rights in or the use of collateral; and

12 (2) in all other cases, section 9-322(a) applies to the qualifying
13 security interests.

14 Sec. 69. The Uniform Commercial Code is amended by adding new
15 section:

16 9-326A Priority of security interest in controllable account,
17 controllable electronic record, and controllable payment intangible.

18 A security interest in a controllable account, controllable
19 electronic record, or controllable payment intangible held by a secured
20 party having control of the account, electronic record, or payment
21 intangible has priority over a conflicting security interest held by a
22 secured party that does not have control.

23 Sec. 70. Section 9-330, Uniform Commercial Code, Reissue Revised
24 Statutes of Nebraska, is amended to read:

25 9-330 Priority of purchaser of chattel paper or instrument.

26 (a) A purchaser of chattel paper has priority over a security
27 interest in the chattel paper which is claimed merely as proceeds of
28 inventory subject to a security interest if:

29 (1) in good faith and in the ordinary course of the purchaser's
30 business, the purchaser gives new value, ~~and~~ takes possession of each
31 authoritative tangible copy of the record evidencing the chattel paper,

1 ~~and~~ ~~or~~ obtains control under section 9-105 of each authoritative
2 electronic copy of the record evidencing ~~of~~ the chattel paper—~~under~~
3 ~~section 9-105~~; and

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

7 (b) A purchaser of chattel paper has priority over a security
8 interest in the chattel paper which is claimed other than merely as
9 proceeds of inventory subject to a security interest if the purchaser
10 gives new value, ~~and~~ takes possession of each authoritative tangible copy
11 of the record evidencing the chattel paper, and ~~or~~ obtains control under
12 section 9-105 of each authoritative electronic copy of the record
13 evidencing ~~of~~ the chattel paper ~~under section 9-105~~ in good faith, in the
14 ordinary course of the purchaser's business, and without knowledge that
15 the purchase violates the rights of the secured party.

16 (c) Except as otherwise provided in section 9-327, a purchaser
17 having priority in chattel paper under subsection (a) or (b) also has
18 priority in proceeds of the chattel paper to the extent that:

19 (1) section 9-322 provides for priority in the proceeds; or

20 (2) the proceeds consist of the specific goods covered by the
21 chattel paper or cash proceeds of the specific goods, even if the
22 purchaser's security interest in the proceeds is unperfected.

23 (d) Except as otherwise provided in section 9-331(a), a purchaser of
24 an instrument has priority over a security interest in the instrument
25 perfected by a method other than possession if the purchaser gives value
26 and takes possession of the instrument in good faith and without
27 knowledge that the purchase violates the rights of the secured party.

28 (e) For purposes of subsections (a) and (b), the holder of a
29 purchase-money security interest in inventory gives new value for chattel
30 paper constituting proceeds of the inventory.

31 (f) For purposes of subsections (b) and (d), if the authoritative

1 copies of the record evidencing chattel paper or an instrument indicate
2 ~~indicates~~ that the chattel paper or instrument ~~it~~ has been assigned to an
3 identified secured party other than the purchaser, a purchaser of the
4 chattel paper or instrument has knowledge that the purchase violates the
5 rights of the secured party.

6 Sec. 71. Section 9-331, Uniform Commercial Code, Revised Statutes
7 Cumulative Supplement, 2022, is amended to read:

8 9-331 Priority of rights of purchasers of controllable accounts,
9 controllable electronic records, controllable payment intangibles
10 ~~instruments, documents, instruments, and securities, and controllable~~
11 ~~electronic records~~ under other articles; priority of interests in
12 financial assets and security entitlements and protection against
13 assertion of claim under articles ~~article~~ 8 and ~~controllable electronic~~
14 ~~records under article~~ 12.

15 (a) This article does not limit the rights of a holder in due course
16 of a negotiable instrument, a holder to which a negotiable document of
17 title has been duly negotiated, a protected purchaser of a security, or a
18 qualifying ~~qualified~~ purchaser of a controllable account, controllable
19 electronic record, or controllable payment intangible. These holders or
20 purchasers take priority over an earlier security interest, even if
21 perfected, to the extent provided in articles 3, 7, 8, and 12.

22 (b) This article does not limit the rights of or impose liability on
23 a person to the extent that the person is protected against the assertion
24 of a claim under article 8 or 12.

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

28 Sec. 72. Section 9-332, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 9-332 Transfer of money; transfer of funds from deposit account.

31 (a) A transferee of tangible money takes the money free of a

1 security interest if the transferee receives possession of the money
2 without acting unless the transferee acts in collusion with the debtor in
3 violating the rights of the secured party.

4 (b) A transferee of funds from a deposit account takes the funds
5 free of a security interest in the deposit account if the transferee
6 receives the funds without acting unless the transferee acts in collusion
7 with the debtor in violating the rights of the secured party.

8 (c) A transferee of electronic money takes the money free of a
9 security interest if the transferee obtains control of the money without
10 acting in collusion with the debtor in violating the rights of the
11 secured party.

12 Sec. 73. Section 9-334, Uniform Commercial Code, Reissue Revised
13 Statutes of Nebraska, is amended to read:

14 9-334 Priority of security interests in fixtures and crops.

15 (a) A security interest under this article may be created in goods
16 that are fixtures or may continue in goods that become fixtures. A
17 security interest does not exist under this article in ordinary building
18 materials incorporated into an improvement on land.

19 (b) This article does not prevent creation of an encumbrance upon
20 fixtures under real property law.

21 (c) In cases not governed by subsections (d) through (h), a security
22 interest in fixtures is subordinate to a conflicting interest of an
23 encumbrancer or owner of the related real property other than the debtor.

24 (d) Except as otherwise provided in subsection (h), a perfected
25 security interest in fixtures has priority over a conflicting interest of
26 an encumbrancer or owner of the real property if the debtor has an
27 interest of record in or is in possession of the real property and:

28 (1) the security interest is a purchase-money security interest;

29 (2) the interest of the encumbrancer or owner arises before the
30 goods become fixtures; and

31 (3) the security interest is perfected by a fixture filing before

1 the goods become fixtures or within twenty days thereafter.

2 (e) A perfected security interest in fixtures has priority over a
3 conflicting interest of an encumbrancer or owner of the real property if:

4 (1) the debtor has an interest of record in the real property or is
5 in possession of the real property and the security interest:

6 (A) is perfected by a fixture filing before the interest of the
7 encumbrancer or owner is of record; and

8 (B) has priority over any conflicting interest of a predecessor in
9 title of the encumbrancer or owner;

10 (2) before the goods become fixtures, the security interest is
11 perfected by any method permitted by this article and the fixtures are
12 readily removable:

13 (A) factory or office machines;

14 (B) equipment that is not primarily used or leased for use in the
15 operation of the real property; or

16 (C) replacements of domestic appliances that are consumer goods;

17 (3) the conflicting interest is a lien on the real property obtained
18 by legal or equitable proceedings after the security interest was
19 perfected by any method permitted by this article; or

20 (4) the security interest is:

21 (A) created in a manufactured home in a manufactured-home
22 transaction; and

23 (B) perfected pursuant to a statute described in section 9-311(a)
24 (2).

25 (f) A security interest in fixtures, whether or not perfected, has
26 priority over a conflicting interest of an encumbrancer or owner of the
27 real property if:

28 (1) the encumbrancer or owner has, in a signed ~~an authenticated~~
29 record, consented to the security interest or disclaimed an interest in
30 the goods as fixtures; or

31 (2) the debtor has a right to remove the goods as against the

1 encumbrancer or owner.

2 (g) The priority of the security interest under subdivision (f)(2)
3 continues for a reasonable time if the debtor's right to remove the goods
4 as against the encumbrancer or owner terminates.

5 (h) A mortgage is a construction mortgage to the extent that it
6 secures an obligation incurred for the construction of an improvement on
7 land, including the acquisition cost of the land, if a recorded record of
8 the mortgage so indicates. Except as otherwise provided in subsections
9 (e) and (f), a security interest in fixtures is subordinate to a
10 construction mortgage if a record of the mortgage is recorded before the
11 goods become fixtures and the goods become fixtures before the completion
12 of the construction. A mortgage has this priority to the same extent as a
13 construction mortgage to the extent that it is given to refinance a
14 construction mortgage.

15 (i) A perfected security interest in crops growing on real property
16 has priority over a conflicting interest of an encumbrancer or owner of
17 the real property if the debtor has an interest of record in or is in
18 possession of the real property.

19 (j) Subsection (i) prevails over any inconsistent provisions of the
20 law of this state.

21 Sec. 74. Section 9-341, Uniform Commercial Code, Reissue Revised
22 Statutes of Nebraska, is amended to read:

23 9-341 Bank's rights and duties with respect to deposit account.

24 Except as otherwise provided in section 9-340(c), and unless the
25 bank otherwise agrees in a signed ~~an authenticated~~ record, a bank's
26 rights and duties with respect to a deposit account maintained with the
27 bank are not terminated, suspended, or modified by:

28 (1) the creation, attachment, or perfection of a security interest
29 in the deposit account;

30 (2) the bank's knowledge of the security interest; or

31 (3) the bank's receipt of instructions from the secured party.

1 Sec. 75. Section 9-404, Uniform Commercial Code, Reissue Revised
2 Statutes of Nebraska, is amended to read:

3 9-404 Rights acquired by assignee; claims and defenses against
4 assignee.

5 (a) Unless an account debtor has made an enforceable agreement not
6 to assert defenses or claims, and subject to subsections (b) through (e),
7 the rights of an assignee are subject to:

8 (1) all terms of the agreement between the account debtor and
9 assignor and any defense or claim in recoupment arising from the
10 transaction that gave rise to the contract; and

11 (2) any other defense or claim of the account debtor against the
12 assignor which accrues before the account debtor receives a notification
13 of the assignment signed ~~authenticated~~ by the assignor or the assignee.

14 (b) Subject to subsection (c) and except as otherwise provided in
15 subsection (d), the claim of an account debtor against an assignor may be
16 asserted against an assignee under subsection (a) only to reduce the
17 amount the account debtor owes.

18 (c) This section is subject to law other than this article which
19 establishes a different rule for an account debtor who is an individual
20 and who incurred the obligation primarily for personal, family, or
21 household purposes.

22 (d) In a consumer transaction, if a record evidences the account
23 debtor's obligation, law other than this article requires that the record
24 include a statement to the effect that the account debtor's recovery
25 against an assignee with respect to claims and defenses against the
26 assignor may not exceed amounts paid by the account debtor under the
27 record, and the record does not include such a statement, the extent to
28 which a claim of an account debtor against the assignor may be asserted
29 against an assignee is determined as if the record included such a
30 statement.

31 (e) This section does not apply to an assignment of a health-care-

1 insurance receivable.

2 Sec. 76. Section 9-406, Uniform Commercial Code, Revised Statutes
3 Cumulative Supplement, 2022, is amended to read:

4 9-406 Discharge of account debtor; notification of assignment;
5 identification and proof of assignment; restrictions on assignment of
6 accounts, chattel paper, payment intangibles, and promissory notes
7 ineffective.

8 (a) Subject to subsections (b) through (i) and (l) ~~(k)~~, an account
9 debtor on an account, chattel paper, or a payment intangible may
10 discharge its obligation by paying the assignor until, but not after, the
11 account debtor receives a notification, signed ~~authenticated~~ by the
12 assignor or the assignee, that the amount due or to become due has been
13 assigned and that payment is to be made to the assignee. After receipt of
14 the notification, the account debtor may discharge its obligation by
15 paying the assignee and may not discharge the obligation by paying the
16 assignor.

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

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

20 (2) to the extent that an agreement between an account debtor and a
21 seller of a payment intangible limits the account debtor's duty to pay a
22 person other than the seller and the limitation is effective under law
23 other than this article; or

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

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

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

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

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

6 (d) In this subsection, "promissory note" includes a negotiable
7 instrument that evidences chattel paper. Except as otherwise provided in
8 subsections ~~subsection~~ (e) and (k) and sections 2A-303 and 9-407, and
9 subject to subsection (h), a term in an agreement between an account
10 debtor and an assignor or in a promissory note is ineffective to the
11 extent that it:

12 (1) prohibits, restricts, or requires the consent of the account
13 debtor or person obligated on the promissory note to the assignment or
14 transfer of, or the creation, attachment, perfection, or enforcement of a
15 security interest in, the account, chattel paper, payment intangible, or
16 promissory note; or

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

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

26 (f) Except as otherwise provided in subsection (k) and sections
27 2A-303 and 9-407, and subject to subsections (h) and (i), a rule of law,
28 statute, or regulation that prohibits, restricts, or requires the consent
29 of a government, governmental body or official, or account debtor to the
30 assignment or transfer of, or creation of a security interest in, an
31 account or chattel paper is ineffective to the extent that the rule of

1 law, statute, or regulation:

2 (1) prohibits, restricts, or requires the consent of the government,
3 governmental body or official, or account debtor to the assignment or
4 transfer of, or the creation, attachment, perfection, or enforcement of a
5 security interest in the account or chattel paper; or

6 (2) provides that the assignment or transfer or the creation,
7 attachment, perfection, or enforcement of the security interest may give
8 rise to a default, breach, right of recoupment, claim, defense,
9 termination, right of termination, or remedy under the account or chattel
10 paper.

11 (g) Subject to subsections (h) and (l) ~~(k)~~, an account debtor may
12 not waive or vary its option under subdivision (b)(3).

13 (h) This section is subject to law other than this article which
14 establishes a different rule for an account debtor who is an individual
15 and who incurred the obligation primarily for personal, family, or
16 household purposes.

17 (i) This section does not apply to an assignment of a health-care-
18 insurance receivable.

19 (j) This section prevails over any inconsistent provisions of the
20 law of this state.

21 (k) Subsections (d), (f), and (j) do not apply to a security
22 interest in an ownership interest in a general partnership, limited
23 partnership, or limited liability company.

24 (l) ~~(k)~~ Subsections (a), (b), ~~through~~ (c), and (g) do not apply to a
25 controllable account or controllable an account or payment intangible
26 that is included in the benefit that can be derived from a controllable
27 electronic record.

28 Sec. 77. Section 9-408, Uniform Commercial Code, Reissue Revised
29 Statutes of Nebraska, is amended to read:

30 9-408 Restrictions on assignment of promissory notes, health-care-
31 insurance receivables, and certain general intangibles ineffective.

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

11 (1) would impair the creation, attachment, or perfection of a
12 security interest; or

13 (2) provides that the assignment or transfer or the creation,
14 attachment, or perfection of the security interest may give rise to a
15 default, breach, right of recoupment, claim, defense, termination, right
16 of termination, or remedy under the promissory note, health-care-
17 insurance receivable, or general intangible.

18 (b) Subsection (a) applies to a security interest in a payment
19 intangible or promissory note only if the security interest arises out of
20 a sale of the payment intangible or promissory note, other than a sale
21 pursuant to a disposition under section 9-610 or an acceptance of
22 collateral under section 9-620.

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

31 (1) would impair the creation, attachment, or perfection of a

1 security interest; or

2 (2) provides that the assignment or transfer or the creation,
3 attachment, or perfection of the security interest may give rise to a
4 default, breach, right of recoupment, claim, defense, termination, right
5 of termination, or remedy under the promissory note, health-care-
6 insurance receivable, or general intangible.

7 (d) To the extent that a term in a promissory note or in an
8 agreement between an account debtor and a debtor which relates to a
9 health-care-insurance receivable or general intangible or a rule of law,
10 statute, or regulation described in subsection (c) would be effective
11 under law other than this article but is ineffective under subsection (a)
12 or (c), the creation, attachment, or perfection of a security interest in
13 the promissory note, health-care-insurance receivable, or general
14 intangible:

15 (1) is not enforceable against the person obligated on the
16 promissory note or the account debtor;

17 (2) does not impose a duty or obligation on the person obligated on
18 the promissory note or the account debtor;

19 (3) does not require the person obligated on the promissory note or
20 the account debtor to recognize the security interest, pay or render
21 performance to the secured party, or accept payment or performance from
22 the secured party;

23 (4) does not entitle the secured party to use or assign the debtor's
24 rights under the promissory note, health-care-insurance receivable, or
25 general intangible, including any related information or materials
26 furnished to the debtor in the transaction giving rise to the promissory
27 note, health-care-insurance receivable, or general intangible;

28 (5) does not entitle the secured party to use, assign, possess, or
29 have access to any trade secrets or confidential information of the
30 person obligated on the promissory note or the account debtor; and

31 (6) does not entitle the secured party to enforce the security

1 interest in the promissory note, health-care-insurance receivable, or
2 general intangible.

3 (e) This section prevails over any inconsistent provisions of the
4 law of this state.

5 (f) This section does not apply to a security interest in an
6 ownership interest in a general partnership, limited partnership, or
7 limited liability company.

8 (g) In this section, "promissory note" includes a negotiable
9 instrument that evidences chattel paper.

10 Sec. 78. Section 9-509, Uniform Commercial Code, Reissue Revised
11 Statutes of Nebraska, is amended to read:

12 9-509 Persons entitled to file a record.

13 (a) A person may file an initial financing statement, amendment that
14 adds collateral covered by a financing statement, or amendment that adds
15 a debtor to a financing statement only if:

16 (1) the debtor authorizes the filing in a signed ~~an authenticated~~
17 record or pursuant to subsection (b) or (c); or

18 (2) the person holds an agricultural lien that has become effective
19 at the time of filing and the financing statement covers only collateral
20 in which the person holds an agricultural lien.

21 (b) By signing ~~authenticating~~ or becoming bound as debtor by a
22 security agreement, a debtor or new debtor authorizes the filing of an
23 initial financing statement, and an amendment, covering:

24 (1) the collateral described in the security agreement; and

25 (2) property that becomes collateral under section 9-315(a)(1)(B),
26 whether or not the security agreement expressly covers proceeds.

27 (c) By acquiring collateral in which a security interest or
28 agricultural lien continues under section 9-315(a)(1)(A), a debtor
29 authorizes the filing of an initial financing statement, and an
30 amendment, covering the collateral and property that becomes collateral
31 under section 9-315(a)(1)(B).

1 (d) A person may file an amendment other than an amendment that adds
2 collateral covered by a financing statement or an amendment that adds a
3 debtor to a financing statement only if:

4 (1) the secured party of record authorizes the filing; or

5 (2) the amendment is a termination statement for a financing
6 statement as to which the secured party of record has failed to file or
7 send a termination statement as required by section 9-513(a), the debtor
8 authorizes the filing, and the termination statement indicates that the
9 debtor authorized it to be filed.

10 (e) If there is more than one secured party of record for a
11 financing statement, each secured party of record may authorize the
12 filing of an amendment under subsection (d).

13 Sec. 79. Section 9-513, Uniform Commercial Code, Reissue Revised
14 Statutes of Nebraska, is amended to read:

15 9-513 Termination statement.

16 (a) Within twenty days after a secured party receives a signed an
17 ~~authenticated~~ demand from a debtor, the secured party shall cause the
18 secured party of record for a financing statement to send to the debtor a
19 termination statement for the financing statement or file the termination
20 statement in the filing office if:

21 (1) except in the case of a financing statement covering accounts or
22 chattel paper that has been sold or goods that are the subject of a
23 consignment, there is no obligation secured by the collateral covered by
24 the financing statement and no commitment to make an advance, incur an
25 obligation, or otherwise give value;

26 (2) the financing statement covers accounts or chattel paper that
27 has been sold but as to which the account debtor or other person
28 obligated has discharged its obligation;

29 (3) the financing statement covers goods that were the subject of a
30 consignment to the debtor but are not in the debtor's possession; or

31 (4) the debtor did not authorize the filing of the initial financing

1 statement.

2 (b) Except as otherwise provided in section 9-510, upon the filing
3 of a termination statement with the filing office, the financing
4 statement to which the termination statement relates ceases to be
5 effective. Except as otherwise provided in section 9-510, for purposes of
6 sections 9-519(g), 9-522(a), and 9-523(c), the filing with the filing
7 office of a termination statement relating to a financing statement that
8 indicates that the debtor is a transmitting utility also causes the
9 effectiveness of the financing statement to lapse.

10 (c) There is no fee for the filing of a termination statement.

11 Sec. 80. Section 9-601, Uniform Commercial Code, Reissue Revised
12 Statutes of Nebraska, is amended to read:

13 9-601 Rights after default; judicial enforcement; consignor or
14 buyer of accounts, chattel paper, payment intangibles, or promissory
15 notes.

16 (a) After default, a secured party has the rights provided in this
17 part and, except as otherwise provided in section 9-602, those provided
18 by agreement of the parties. A secured party:

19 (1) may reduce a claim to judgment, foreclose, or otherwise enforce
20 the claim, security interest, or agricultural lien by any available
21 judicial procedure; and

22 (2) if the collateral is documents, may proceed either as to the
23 documents or as to the goods they cover.

24 (b) A secured party in possession of collateral or control of
25 collateral under section 7-106, 9-104, 9-105, 9-105A, 9-106, ~~or~~ 9-107, or
26 9-107A has the rights and duties provided in section 9-207.

27 (c) The rights under subsections (a) and (b) are cumulative and may
28 be exercised simultaneously.

29 (d) Except as otherwise provided in subsection (g) and section
30 9-605, after default, a debtor and an obligor have the rights provided in
31 this part and by agreement of the parties.

1 (e) If a secured party has reduced its claim to judgment, the lien
2 of any levy that may be made upon the collateral by virtue of an
3 execution based upon the judgment relates back to the earliest of:

4 (1) the date of perfection of the security interest or agricultural
5 lien in the collateral;

6 (2) the date of filing a financing statement covering the
7 collateral; or

8 (3) any date specified in a statute under which the agricultural
9 lien was created.

10 (f) A sale pursuant to an execution is a foreclosure of the security
11 interest or agricultural lien by judicial procedure within the meaning of
12 this section. A secured party may purchase at the sale and thereafter
13 hold the collateral free of any other requirements of this article.

14 (g) Except as otherwise provided in section 9-607(c), this part
15 imposes no duties upon a secured party that is a consignor or is a buyer
16 of accounts, chattel paper, payment intangibles, or promissory notes.

17 Sec. 81. Section 9-605, Uniform Commercial Code, Reissue Revised
18 Statutes of Nebraska, is amended to read:

19 9-605 Unknown debtor or secondary obligor.

20 (a) Except as provided in subsection (b), a A secured party does not
21 owe a duty based on its status as secured party:

22 (1) to a person that is a debtor or obligor, unless the secured
23 party knows:

24 (A) that the person is a debtor or obligor;

25 (B) the identity of the person; and

26 (C) how to communicate with the person; or

27 (2) to a secured party or lienholder that has filed a financing
28 statement against a person, unless the secured party knows:

29 (A) that the person is a debtor; and

30 (B) the identity of the person.

31 (b) A secured party owes a duty based on its status as a secured

1 party to a person if, at the time the secured party obtains control of
2 collateral that is a controllable account, controllable electronic
3 record, or controllable payment intangible or at the time the security
4 interest attaches to the collateral, whichever is later:

5 (1) the person is a debtor or obligor; and

6 (2) the secured party knows that the information in subsection (a)
7 (1)(A), (B), or (C) relating to the person is not provided by the
8 collateral, a record attached to or logically associated with the
9 collateral, or the system in which the collateral is recorded.

10 Sec. 82. Section 9-608, Uniform Commercial Code, Reissue Revised
11 Statutes of Nebraska, is amended to read:

12 9-608 Application of proceeds of collection or enforcement;
13 liability for deficiency and right to surplus.

14 (a) If a security interest or agricultural lien secures payment or
15 performance of an obligation, the following rules apply:

16 (1) A secured party shall apply or pay over for application the cash
17 proceeds of collection or enforcement under section 9-607 in the
18 following order to:

19 (A) the reasonable expenses of collection and enforcement and, to
20 the extent provided for by agreement and not prohibited by law,
21 reasonable attorney's fees and legal expenses incurred by the secured
22 party;

23 (B) the satisfaction of obligations secured by the security interest
24 or agricultural lien under which the collection or enforcement is made;
25 and

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

1 (2) If requested by a secured party, a holder of a subordinate
2 security interest or other lien shall furnish reasonable proof of the
3 interest or lien within a reasonable time. Unless the holder complies,
4 the secured party need not comply with the holder's demand under
5 subdivision (1)(C).

6 (3) A secured party need not apply or pay over for application
7 noncash proceeds of collection and enforcement under section 9-607 unless
8 the failure to do so would be commercially unreasonable. A secured party
9 that applies or pays over for application noncash proceeds shall do so in
10 a commercially reasonable manner.

11 (4) A secured party shall account to and pay a debtor for any
12 surplus, and the obligor is liable for any deficiency.

13 (b) If the underlying transaction is a sale of accounts, chattel
14 paper, payment intangibles, or promissory notes, the debtor is not
15 entitled to any surplus, and the obligor is not liable for any
16 deficiency.

17 Sec. 83. Section 9-611, Uniform Commercial Code, Reissue Revised
18 Statutes of Nebraska, is amended to read:

19 9-611 Notification before disposition of collateral.

20 (a) In this section, "notification date" means the earlier of the
21 date on which:

22 (1) a secured party sends to the debtor and any secondary obligor a
23 signed ~~an authenticated~~ notification of disposition; or

24 (2) the debtor and any secondary obligor waive the right to
25 notification.

26 (b) Except as otherwise provided in subsection (d), a secured party
27 that disposes of collateral under section 9-610 shall send to the persons
28 specified in subsection (c) a reasonable signed ~~authenticated~~
29 notification of disposition.

30 (c) To comply with subsection (b), the secured party shall send a
31 signed ~~an authenticated~~ notification of disposition to:

1 (1) the debtor;

2 (2) any secondary obligor, unless no security for the obligation or
3 indebtedness was taken or contemplated at the time the secondary obligor
4 became accountable in whole or in part for payment or other performance
5 of the obligation; and

6 (3) if the collateral is other than consumer goods:

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

10 (B) any other secured party or lienholder that, ten days before the
11 notification date, held a security interest in or other lien on the
12 collateral perfected by the filing of a financing statement that:

13 (i) identified the collateral;

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

15 (iii) was filed in the office in which to file a financing statement
16 against the debtor covering the collateral as of that date; and

17 (C) any other secured party that, ten days before the notification
18 date, held a security interest in the collateral perfected by compliance
19 with a statute, regulation, or treaty described in section 9-311(a).

20 (d) Subsection (b) does not apply if the collateral is perishable or
21 threatens to decline speedily in value or is of a type customarily sold
22 on a recognized market.

23 (e) A secured party complies with the requirement for notification
24 prescribed by subdivision (c)(3)(B) if:

25 (1) not later than twenty days or earlier than thirty days before
26 the notification date, the secured party requests, in a commercially
27 reasonable manner, information concerning financing statements indexed
28 under the debtor's name in the office indicated in subdivision (c)(3)(B);
29 and

30 (2) before the notification date, the secured party:

31 (A) did not receive a response to the request for information; or

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

5 Sec. 84. Section 9-613, Uniform Commercial Code, Reissue Revised
6 Statutes of Nebraska, is amended to read:

7 9-613 Contents and form of notification before disposition of
8 collateral: general.

9 (a) Except in a consumer-goods transaction, the following rules
10 apply:

11 (1) The contents of a notification of disposition are sufficient if
12 the notification:

13 (A) describes the debtor and the secured party;

14 (B) describes the collateral that is the subject of the intended
15 disposition;

16 (C) states the method of intended disposition;

17 (D) states that the debtor is entitled to an accounting of the
18 unpaid indebtedness and states the charge, if any, for an accounting; and

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

21 (2) Whether the contents of a notification that lacks any of the
22 information specified in subdivision (1) are nevertheless sufficient is a
23 question of fact.

24 (3) The contents of a notification providing substantially the
25 information specified in subdivision (1) are sufficient, even if the
26 notification includes:

27 (A) information not specified by that subdivision; or

28 (B) minor errors that are not seriously misleading.

29 (4) A particular phrasing of the notification is not required.

30 (5) In no event shall it be necessary for the notification of
31 disposition to refer to any guarantee agreement, to identify or designate

1 the capacity in which a debtor or secondary obligor is being sent such
2 notification, or to identify or designate the capacity in which the
3 debtor or secondary obligor may be liable for any deficiency existing
4 after sale or disposition of collateral.

5 (6) The following form of notification and the form appearing in
6 section 9-614(a)(4) 9-614(4), when completed in accordance with the
7 instructions in subsection (b) and section 9-614(b), each provides
8 sufficient information:

9 NOTIFICATION OF DISPOSITION OF COLLATERAL

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

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

13 {1} Name of any debtor that is not an addressee: (Name of each
14 debtor)

15 {2} We will sell (describe collateral) (to the highest qualified
16 bidder) at public sale. A sale could include a lease or license. The sale
17 will be held as follows:

18 (Date)

19 (Time)

20 (Place)

21 {3} We will sell (describe collateral) at private sale sometime
22 after (date). A sale could include a lease or license.

23 {4} You are entitled to an accounting of the unpaid indebtedness
24 secured by the property that we intend to sell or, as applicable, lease
25 or license.

26 {5} If you request an accounting you must pay a charge of \$
27 (amount).

28 {6} You may request an accounting by calling us at (telephone
29 number).

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

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

3 Name of Debtor(s):(Include only if debtor(s) are not an
4 addressee).....

5 (For a public disposition:)

6 We will sell (or lease or license, as applicable) the
7 (describe collateral)..... (to the highest qualified bidder) in public
8 as follows:

9 Day and Date:

10 Time:

11 Place:

12 (For a private disposition:)

13 We will sell (or lease or license, as applicable) the
14 (describe collateral)..... privately sometime after(day and
15 date).....

16 You are entitled to an accounting of the unpaid indebtedness secured
17 by the property that we intend to sell (or lease or license, as
18 applicable) (for a charge of \$.....). You may request an
19 accounting by calling us at(telephone number).....

20 (End of Form)

21 (b) The following instructions apply to the form of notification in
22 subsection (a)(6):

23 (1) The instructions in this subsection refer to the numbers in
24 braces before items in the form of notification in subsection (a)(6). Do
25 not include the numbers or braces in the notification. The numbers and
26 braces are used only for the purpose of these instructions.

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

29 (3) Include and complete either item {2}, if the notification
30 relates to a public disposition of the collateral, or item {3}, if the
31 notification relates to a private disposition of the collateral. If item

1 {2} is included, include the words "to the highest qualified bidder" only
2 if applicable.

3 (4) Include and complete items {4} and {6}.

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

6 Sec. 85. Section 9-614, Uniform Commercial Code, Reissue Revised
7 Statutes of Nebraska, is amended to read:

8 9-614 Contents and form of notification before disposition of
9 collateral: consumer-goods transaction.

10 (a) In a consumer-goods transaction, the following rules apply:

11 (1) A notification of disposition must provide the following
12 information:

13 (A) the information specified in section 9-613(a)(1) ~~9-613(1)~~;

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

16 (C) a telephone number from which the amount that must be paid to
17 the secured party to redeem the collateral under section 9-623 is
18 available; and

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

22 (2) A particular phrasing of the notification is not required.

23 (3) In no event shall it be necessary for the notification of
24 disposition to refer to any guarantee agreement, to identify or designate
25 the capacity in which a debtor or secondary obligor is being sent such
26 notification, or to identify or designate the capacity in which the
27 debtor or secondary obligor may be liable for any deficiency existing
28 after sale or disposition of collateral.

29 (4) The following form of notification, when completed in accordance
30 with the instructions in subsection (b), provides sufficient information:

31 (Name and address of secured party)

1 (Date)

2 ~~.....(Name and address of secured party).....~~

3 ~~.....(Date).....~~

4 NOTICE OF OUR PLAN TO SELL PROPERTY

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

6 Subject: (Identify transaction)

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

9 {1} We will sell (describe collateral) at public sale. A sale could
10 include a lease or license. The sale will be held as follows:

11 (Date)

12 (Time)

13 (Place)

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

15 {2} We will sell (describe collateral) at private sale sometime
16 after (date). A sale could include a lease or license.

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

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

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

1 (description of electronic record)) (an explanation in (description of
2 electronic record)).

3 {8} We will charge you \$ (amount) for the explanation if we sent you
4 another written explanation of the amount you owe us within the last six
5 months.

6 {9} If you need more information about the sale (call us at
7 (telephone number)) (or) (write us at (secured party's address)) (or
8 contact us by (description of electronic communication method)).

9 {10} We are sending this notice to the following other people who
10 have an interest in (describe collateral) or who owe money under your
11 agreement: (Names of all other debtors and obligors, if any)

12 ~~.....(Name and address of any obligor who is also a debtor).....~~
13 ~~Subject:(Identification of Transaction).....~~

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

16 ~~(For a public disposition:)~~
17 ~~We will sell(describe collateral)..... at public sale.~~

18 ~~A sale could include a lease or license. The sale will be held as~~
19 ~~follows:~~

20 ~~Date:~~
21 ~~Time:~~
22 ~~Place:~~

23 ~~You may attend the sale and bring bidders if you want.~~
24 ~~(For a private disposition:)~~

25 ~~We will sell(describe collateral)..... at private sale~~
26 ~~sometime after(date)..... . A sale could include a lease or~~
27 ~~license.~~

28 ~~The money that we get from the sale (after paying our costs) will~~
29 ~~reduce the amount you owe. If we get less money than you owe, you~~
30 ~~(will or will not, as applicable)..... still owe us the difference. If~~
~~we get more money than you owe, you will get the extra money, unless we~~

1 ~~must pay it to someone else.~~

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

6 ~~If you want us to explain to you in writing how we have figured the~~
7 ~~amount that you owe us, you may call us at(telephone number).....~~
8 ~~(or write us at(secured party's address).....) and request a~~
9 ~~written explanation. (We will charge you \$..... for the explanation~~
10 ~~if we sent you another written explanation of the amount you owe us~~
11 ~~within the last six months.)~~

12 ~~If you need more information about the sale call us at(~~
13 ~~telephone number)..... (or write us at(secured party's~~
14 ~~address).....)~~

15 ~~We are sending this notice to the following other people who have an~~
16 ~~interest in(describe collateral)..... or who owe money under your~~
17 ~~agreement:~~

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

19 (End of Form)

20 (5) A notification in the form of subdivision (4) is sufficient,
21 even if additional information appears at the end of the form.

22 (6) A notification in the form of subdivision (4) is sufficient,
23 even if it includes errors in information not required by subdivision
24 (1), unless the error is misleading with respect to rights arising under
25 this article.

26 (7) If a notification under this section is not in the form of
27 subdivision (4), law other than this article determines the effect of
28 including information not required by subdivision (1).

29 (b) The following instructions apply to the form of notification in
30 subsection (a)(4):

31 (1) The instructions in this subsection refer to the numbers in

1 braces before items in the form of notification in subsection (a)(4). Do
2 not include the numbers or braces in the notification. The numbers and
3 braces are used only for the purpose of these instructions.

4 (2) Include and complete either item {1}, if the notification
5 relates to a public disposition of the collateral, or item {2}, if the
6 notification relates to a private disposition of the collateral.

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

8 (4) In item {5}, include and complete any one of the three
9 alternative methods for the explanation—writing, writing or electronic
10 record, or electronic record.

11 (5) In item {6}, include the telephone number. In addition, the
12 sender may include and complete either or both of the two additional
13 alternative methods of communication—writing or electronic communication
14 —for the recipient of the notification to communicate with the sender.
15 Neither of the two additional methods of communication is required to be
16 included.

17 (6) In item {7}, include and complete the method or methods for the
18 explanation—writing, writing or electronic record, or electronic record
19 —included in item {5}.

20 (7) Include and complete item {8} only if a written explanation is
21 included in item {5} as a method for communicating the explanation and
22 the sender will charge the recipient for another written explanation.

23 (8) In item {9}, include either the telephone number or the address
24 or both the telephone number and the address. In addition, the sender may
25 include and complete the additional method of communication—electronic
26 communication—for the recipient of the notification to communicate with
27 the sender. The additional method of electronic communication is not
28 required to be included.

29 (9) If item {10} does not apply, insert "None" after "agreement:".

30 Sec. 86. Section 9-615, Uniform Commercial Code, Reissue Revised
31 Statutes of Nebraska, is amended to read:

1 9-615 Application of proceeds of disposition; liability for
2 deficiency and right to surplus.

3 (a) A secured party shall apply or pay over for application the cash
4 proceeds of disposition under section 9-610 in the following order to:

5 (1) the reasonable expenses of retaking, holding, preparing for
6 disposition, processing, and disposing, and, to the extent provided for
7 by agreement and not prohibited by law, reasonable attorney's fees and
8 legal expenses incurred by the secured party;

9 (2) the satisfaction of obligations secured by the security interest
10 or agricultural lien under which the disposition is made;

11 (3) the satisfaction of obligations secured by any subordinate
12 security interest in or other subordinate lien on the collateral if:

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

16 (B) in a case in which a consignor has an interest in the
17 collateral, the subordinate security interest or other lien is senior to
18 the interest of the consignor; and

19 (4) a secured party that is a consignor of the collateral if the
20 secured party receives from the consignor a signed ~~an authenticated~~
21 demand for proceeds before distribution of the proceeds is completed.

22 (b) If requested by a secured party, a holder of a subordinate
23 security interest or other lien shall furnish reasonable proof of the
24 interest or lien within a reasonable time. Unless the holder does so, the
25 secured party need not comply with the holder's demand under subdivision
26 (a)(3).

27 (c) A secured party need not apply or pay over for application
28 noncash proceeds of disposition under section 9-610 unless the failure to
29 do so would be commercially unreasonable. A secured party that applies or
30 pays over for application noncash proceeds shall do so in a commercially
31 reasonable manner.

1 (d) If the security interest under which a disposition is made
2 secures payment or performance of an obligation, after making the
3 payments and applications required by subsection (a) and permitted by
4 subsection (c):

5 (1) unless subdivision (a)(4) requires the secured party to apply or
6 pay over cash proceeds to a consignor, the secured party shall account to
7 and pay a debtor for any surplus; and

8 (2) the obligor is liable for any deficiency.

9 (e) If the underlying transaction is a sale of accounts, chattel
10 paper, payment intangibles, or promissory notes:

11 (1) the debtor is not entitled to any surplus; and

12 (2) the obligor is not liable for any deficiency.

13 (f) The surplus or deficiency following a disposition is calculated
14 based on the amount of proceeds that would have been realized in a
15 disposition complying with this part to a transferee other than the
16 secured party, a person related to the secured party, or a secondary
17 obligor if:

18 (1) the transferee in the disposition is the secured party, a person
19 related to the secured party, or a secondary obligor; and

20 (2) the amount of proceeds of the disposition is significantly below
21 the range of proceeds that a complying disposition to a person other than
22 the secured party, a person related to the secured party, or a secondary
23 obligor would have brought.

24 (g) A secured party that receives cash proceeds of a disposition in
25 good faith and without knowledge that the receipt violates the rights of
26 the holder of a security interest or other lien that is not subordinate
27 to the security interest or agricultural lien under which the disposition
28 is made:

29 (1) takes the cash proceeds free of the security interest or other
30 lien;

31 (2) is not obligated to apply the proceeds of the disposition to the

1 satisfaction of obligations secured by the security interest or other
2 lien; and

3 (3) is not obligated to account to or pay the holder of the security
4 interest or other lien for any surplus.

5 Sec. 87. Section 9-616, Uniform Commercial Code, Reissue Revised
6 Statutes of Nebraska, is amended to read:

7 9-616 Explanation of calculation of surplus or deficiency.

8 (a) In this section:

9 (1) "Explanation" means a record writing that:

10 (A) states the amount of the surplus or deficiency;

11 (B) provides an explanation in accordance with subsection (c) of how
12 the secured party calculated the surplus or deficiency;

13 (C) states, if applicable, that future debits, credits, charges,
14 including additional credit service charges or interest, rebates, and
15 expenses may affect the amount of the surplus or deficiency; and

16 (D) provides a telephone number or mailing address from which
17 additional information concerning the transaction is available.

18 (2) "Request" means a record:

19 (A) signed authenticated by a debtor or consumer obligor;

20 (B) requesting that the recipient provide an explanation; and

21 (C) sent after disposition of the collateral under section 9-610.

22 (b) In a consumer-goods transaction in which the debtor is entitled
23 to a surplus or a consumer obligor is liable for a deficiency under
24 section 9-615, the secured party shall:

25 (1) send an explanation to the debtor or consumer obligor, as
26 applicable, after the disposition and:

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

30 (B) within fourteen days after receipt of a request; or

31 (2) in the case of a consumer obligor who is liable for a

1 deficiency, within fourteen days after receipt of a request, send to the
2 consumer obligor a record waiving the secured party's right to a
3 deficiency.

4 (c) To comply with subdivision (a)(1)(B), an explanation ~~a writing~~
5 must provide the following information in the following order:

6 (1) the aggregate amount of obligations secured by the security
7 interest under which the disposition was made, and, if the amount
8 reflects a rebate of unearned interest or credit service charge, an
9 indication of that fact, calculated as of a specified date:

10 (A) if the secured party takes or receives possession of the
11 collateral after default, not more than thirty-five days before the
12 secured party takes or receives possession; or

13 (B) if the secured party takes or receives possession of the
14 collateral before default or does not take possession of the collateral,
15 not more than thirty-five days before the disposition;

16 (2) the amount of proceeds of the disposition;

17 (3) the aggregate amount of the obligations after deducting the
18 amount of proceeds;

19 (4) the amount, in the aggregate or by type, and types of expenses,
20 including expenses of retaking, holding, preparing for disposition,
21 processing, and disposing of the collateral, and attorney's fees secured
22 by the collateral which are known to the secured party and relate to the
23 current disposition;

24 (5) the amount, in the aggregate or by type, and types of credits,
25 including rebates of interest or credit service charges, to which the
26 obligor is known to be entitled and which are not reflected in the amount
27 in subdivision (1); and

28 (6) the amount of the surplus or deficiency.

29 (d) A particular phrasing of the explanation is not required. An
30 explanation complying substantially with the requirements of subsection
31 (a) is sufficient, even if it includes minor errors that are not

1 seriously misleading.

2 (e) A debtor or consumer obligor is entitled without charge to one
3 response to a request under this section during any six-month period in
4 which the secured party did not send to the debtor or consumer obligor an
5 explanation pursuant to subdivision (b)(1). The secured party may require
6 payment of a charge not exceeding twenty-five dollars for each additional
7 response.

8 Sec. 88. Section 9-619, Uniform Commercial Code, Reissue Revised
9 Statutes of Nebraska, is amended to read:

10 9-619 Transfer of record or legal title.

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

13 (1) that the debtor has defaulted in connection with an obligation
14 secured by specified collateral;

15 (2) that the secured party has exercised its post-default remedies
16 with respect to the collateral;

17 (3) that, by reason of the exercise, a transferee has acquired the
18 rights of the debtor in the collateral; and

19 (4) the name and mailing address of the secured party, debtor, and
20 transferee.

21 (b) A transfer statement entitles the transferee to the transfer of
22 record of all rights of the debtor in the collateral specified in the
23 statement in any official filing, recording, registration, or
24 certificate-of-title system covering the collateral. If a transfer
25 statement is presented with the applicable fee and request form to the
26 official or office responsible for maintaining the system, the official
27 or office shall:

28 (1) accept the transfer statement;

29 (2) promptly amend its records to reflect the transfer; and

30 (3) if applicable, issue a new appropriate certificate of title in
31 the name of the transferee.

1 (c) A transfer of the record or legal title to collateral to a
2 secured party under subsection (b) or otherwise is not of itself a
3 disposition of collateral under this article and does not of itself
4 relieve the secured party of its duties under this article.

5 Sec. 89. Section 9-620, Uniform Commercial Code, Reissue Revised
6 Statutes of Nebraska, is amended to read:

7 9-620 Acceptance of collateral in full or partial satisfaction of
8 obligation; compulsory disposition of collateral.

9 (a) Except as otherwise provided in subsection (g), a secured party
10 may accept collateral in full or partial satisfaction of the obligation
11 it secures only if:

12 (1) the debtor consents to the acceptance under subsection (c);

13 (2) the secured party does not receive, within the time set forth in
14 subsection (d), a notification of objection to the proposal signed
15 ~~authenticated~~ by:

16 (A) a person to which the secured party was required to send a
17 proposal under section 9-621; or

18 (B) any other person, other than the debtor, holding an interest in
19 the collateral subordinate to the security interest that is the subject
20 of the proposal;

21 (3) if the collateral is consumer goods, the collateral is not in
22 the possession of the debtor when the debtor consents to the acceptance;
23 and

24 (4) subsection (e) does not require the secured party to dispose of
25 the collateral or the debtor waives the requirement pursuant to section
26 9-624.

27 (b) A purported or apparent acceptance of collateral under this
28 section is ineffective unless:

29 (1) the secured party consents to the acceptance in a signed ~~an~~
30 ~~authenticated~~ record or sends a proposal to the debtor; and

31 (2) the conditions of subsection (a) are met.

1 (c) For purposes of this section:

2 (1) a debtor consents to an acceptance of collateral in partial
3 satisfaction of the obligation it secures only if the debtor agrees to
4 the terms of the acceptance in a record signed ~~authenticated~~ after
5 default; and

6 (2) a debtor consents to an acceptance of collateral in full
7 satisfaction of the obligation it secures only if the debtor agrees to
8 the terms of the acceptance in a record signed ~~authenticated~~ after
9 default or the secured party:

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

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

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

18 (d) To be effective under subdivision (a)(2), a notification of
19 objection must be received by the secured party:

20 (1) in the case of a person to which the proposal was sent pursuant
21 to section 9-621, within twenty days after notification was sent to that
22 person; and

23 (2) in other cases:

24 (A) within twenty days after the last notification was sent pursuant
25 to section 9-621; or

26 (B) if a notification was not sent, before the debtor consents to
27 the acceptance under subsection (c).

28 (e) A secured party that has taken possession of collateral shall
29 dispose of the collateral pursuant to section 9-610 within the time
30 specified in subsection (f) if:

31 (1) sixty percent of the cash price has been paid in the case of a

1 purchase-money security interest in consumer goods; or

2 (2) sixty percent of the principal amount of the obligation secured
3 has been paid in the case of a non-purchase-money security interest in
4 consumer goods.

5 (f) To comply with subsection (e), the secured party shall dispose
6 of the collateral:

7 (1) within ninety days after taking possession; or

8 (2) within any longer period to which the debtor and all secondary
9 obligors have agreed in an agreement to that effect entered into and
10 signed ~~authenticated~~ after default.

11 (g) In a consumer transaction, a secured party may not accept
12 collateral in partial satisfaction of the obligation it secures.

13 Sec. 90. Section 9-621, Uniform Commercial Code, Reissue Revised
14 Statutes of Nebraska, is amended to read:

15 9-621 Notification of proposal to accept collateral.

16 (a) A secured party that desires to accept collateral in full or
17 partial satisfaction of the obligation it secures shall send its proposal
18 to:

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

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

26 (A) identified the collateral;

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

28 (C) was filed in the office or offices in which to file a financing
29 statement against the debtor covering the collateral as of that date; and

30 (3) any other secured party that, ten days before the debtor
31 consented to the acceptance, held a security interest in the collateral

1 perfected by compliance with a statute, regulation, or treaty described
2 in section 9-311(a).

3 (b) A secured party that desires to accept collateral in partial
4 satisfaction of the obligation it secures shall send its proposal to any
5 secondary obligor in addition to the persons described in subsection (a).

6 Sec. 91. Section 9-624, Uniform Commercial Code, Reissue Revised
7 Statutes of Nebraska, is amended to read:

8 9-624 Waiver.

9 (a) A debtor or secondary obligor may waive the right to
10 notification of disposition of collateral under section 9-611 only by an
11 agreement to that effect entered into and signed ~~authenticated~~ after
12 default.

13 (b) A debtor may waive the right to require disposition of
14 collateral under section 9-620(e) only by an agreement to that effect
15 entered into and signed ~~authenticated~~ after default.

16 (c) Except in a consumer-goods transaction, a debtor or secondary
17 obligor may waive the right to redeem collateral under section 9-623 only
18 by an agreement to that effect entered into and signed ~~authenticated~~
19 after default.

20 Sec. 92. Section 9-628, Uniform Commercial Code, Reissue Revised
21 Statutes of Nebraska, is amended to read:

22 9-628 Nonliability and limitation on liability of secured party;
23 liability of secondary obligor.

24 (a) Subject to subsection (f), unless ~~Unless~~ a secured party knows
25 that a person is a debtor or obligor, knows the identity of the person,
26 and knows how to communicate with the person:

27 (1) the secured party is not liable to the person, or to a secured
28 party or lienholder that has filed a financing statement against the
29 person, for failure to comply with this article; and

30 (2) the secured party's failure to comply with this article does not
31 affect the liability of the person for a deficiency.

1 (b) Subject to subsection (f), a A secured party is not liable
2 because of its status as secured party:

3 (1) to a person that is a debtor or obligor, unless the secured
4 party knows:

5 (A) that the person is a debtor or obligor;

6 (B) the identity of the person; and

7 (C) how to communicate with the person; or

8 (2) to a secured party or lienholder that has filed a financing
9 statement against a person, unless the secured party knows:

10 (A) that the person is a debtor; and

11 (B) the identity of the person.

12 (c) A secured party is not liable to any person, and a person's
13 liability for a deficiency is not affected, because of any act or
14 omission arising out of the secured party's reasonable belief that a
15 transaction is not a consumer-goods transaction or a consumer transaction
16 or that goods are not consumer goods, if the secured party's belief is
17 based on its reasonable reliance on:

18 (1) a debtor's representation concerning the purpose for which
19 collateral was to be used, acquired, or held; or

20 (2) an obligor's representation concerning the purpose for which a
21 secured obligation was incurred.

22 (d) A secured party is not liable to any person under section
23 9-625(c)(2) for its failure to comply with section 9-616.

24 (e) A secured party is not liable under section 9-625(c)(2) more
25 than once with respect to any one secured obligation.

26 (f) Subsections (a) and (b) do not apply to limit the liability of a
27 secured party to a person if, at the time the secured party obtains
28 control of collateral that is a controllable account, controllable
29 electronic record, or controllable payment intangible or at the time the
30 security interest attaches to the collateral, whichever is later:

31 (1) the person is a debtor or obligor; and

1 (2) the secured party knows that the information in subsection (b)
2 (1)(A), (B), or (C) relating to the person is not provided by the
3 collateral, a record attached to or logically associated with the
4 collateral, or the system in which the collateral is recorded.

5 Sec. 93. Section 12-102, Uniform Commercial Code, Revised Statutes
6 Cumulative Supplement, 2022, is amended to read:

7 12-102 Definitions.

8 (a) In this article:

9 (1) "Controllable electronic record" means a record stored in an
10 electronic medium that can be subjected to control under section 12-105.
11 The term does not include a controllable account, a controllable payment
12 intangible, a deposit account, an electronic copy of a record evidencing
13 chattel paper, an electronic document of title, electronic money,
14 investment property, or a transferable record.

15 (2) "Qualifying purchaser" means a purchaser of a controllable
16 electronic record or an interest in a controllable electronic record that
17 obtains control of the controllable electronic record for value, in good
18 faith, and without notice of a claim of a property right in the
19 controllable electronic record.

20 (3) "Transferable record" has the meaning provided for that term in:

21 (A) Section 201(a)(1) of the Electronic Signatures in Global and
22 National Commerce Act, 15 U.S.C. section 7021(a)(1); or

23 (B) Section 16(a) of the Uniform Electronic Transactions Act.

24 (4) "Value" has the meaning provided in section 3-303(a), as if
25 references in that subsection to an "instrument" were references to a
26 controllable account, controllable electronic record, or controllable
27 payment intangible.

28 (b) The definitions in article 9 of "account debtor", "controllable
29 account", "controllable payment intangible", "chattel paper", "deposit
30 account", "electronic money", and "investment property" apply to this
31 article.

1 (c) Article 1 contains general definitions and principles of
2 construction and interpretation applicable throughout this article.

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

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

11 Sec. 94. Section 12-103, Uniform Commercial Code, Revised Statutes
12 Cumulative Supplement, 2022, is amended to read:

13 12-103 Relation to article 9 and consumer laws Scope.

14 (a) If there is conflict between this article and article 9, article
15 9 governs.

16 (b) A transaction subject to this article is subject to any
17 applicable rule of law that establishes a different rule for consumers.

18 ~~This article applies to controllable electronic records.~~

19 Sec. 95. Section 12-104, Uniform Commercial Code, Revised Statutes
20 Cumulative Supplement, 2022, is amended to read:

21 12-104 Rights in controllable account, controllable electronic
22 record, and controllable payment intangible ~~electronic records and~~
23 ~~certain accounts and payment intangibles.~~

24 (a) This section applies to the acquisition and purchase of rights
25 in a controllable account or controllable payment intangible, including
26 the rights and benefits under subsections (c), (d), (e), (g), and (h) of
27 a purchaser and qualifying purchaser, in the same manner this section
28 applies to a controllable electronic record.

29 (b) To determine whether a purchaser of a controllable account or a
30 controllable payment intangible is a qualifying purchaser, the purchaser
31 obtains control of the account or payment intangible if it obtains

1 control of the controllable electronic record that evidences the account
2 or payment intangible.

3 (c) Except as provided in this section, law other than this article
4 determines whether a person acquires a right in a controllable electronic
5 record and the right the person acquires.

6 (d) A purchaser of a controllable electronic record acquires all
7 rights in the controllable electronic record that the transferor had or
8 had power to transfer, except that a purchaser of a limited interest in a
9 controllable electronic record acquires rights only to the extent of the
10 interest purchased.

11 (e) A qualifying purchaser acquires its rights in the controllable
12 electronic record free of a claim of a property right in the controllable
13 electronic record.

14 (f) Except as provided in subsections (a) and (e) for a controllable
15 account and a controllable payment intangible or law other than this
16 article, a qualifying purchaser takes a right to payment, right to
17 performance, or other interest in property evidenced by the controllable
18 electronic record subject to a claim of a property right in the right to
19 payment, right to performance, or other interest in property.

20 (g) An action may not be asserted against a qualifying purchaser
21 based on both a purchase by the qualifying purchaser of a controllable
22 electronic record and a claim of a property right in another controllable
23 electronic record, whether the action is framed in conversion, replevin,
24 constructive trust, equitable lien, or other theory.

25 (h) Filing of a financing statement under article 9 is not notice of
26 a claim of a property right in a controllable electronic record.

27 ~~(a) In this section:~~

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

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

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

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

13 ~~(d) A person having control of, but no rights in, a controllable~~
14 ~~electronic record has power to transfer rights in the controllable~~
15 ~~electronic record by voluntarily transferring control to a person that~~
16 ~~obtains control for value and without notice of any adverse claim.~~

17 ~~(e) A purchaser of a limited interest acquires rights only to the~~
18 ~~extent of the interest purchased.~~

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

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

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

1 ~~(1) the person knows of the adverse claim; or~~
2 ~~(2) the person is aware of facts sufficient to indicate that there~~
3 ~~is a significant probability that the adverse claim exists and~~
4 ~~deliberately avoids information that would establish the existence of the~~
5 ~~adverse claim.~~

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

8 Sec. 96. Section 12-105, Uniform Commercial Code, Revised Statutes
9 Cumulative Supplement, 2022, is amended to read:

10 12-105 Control of controllable electronic record.

11 (a) A person has control of a controllable electronic record if the
12 electronic record, a record attached to or logically associated with the
13 electronic record, or a system in which the electronic record is
14 recorded:

15 (1) gives the person:

16 (A) power to avail itself of substantially all the benefit from the
17 electronic record; and

18 (B) exclusive power, subject to subsection (b), to:

19 (i) prevent others from availing themselves of substantially all the
20 benefit from the electronic record; and

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

24 (2) enables the person readily to identify itself in any way,
25 including by name, identifying number, cryptographic key, office, or
26 account number, as having the powers specified in subdivision (1).

27 (b) Subject to subsection (c), a power is exclusive under subsection
28 (a)(1)(B)(i) and (ii) even if:

29 (1) the controllable electronic record, a record attached to or
30 logically associated with the electronic record, or a system in which the
31 electronic record is recorded limits the use of the electronic record or

1 has a protocol programmed to cause a change, including a transfer or loss
2 of control or a modification of benefits afforded by the electronic
3 record; or

4 (2) the power is shared with another person.

5 (c) A power of a person is not shared with another person under
6 subsection (b)(2) and the person's power is not exclusive if:

7 (1) the person can exercise the power only if the power also is
8 exercised by the other person; and

9 (2) the other person:

10 (A) can exercise the power without exercise of the power by the
11 person; or

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

15 (d) If a person has the powers specified in subsection (a)(1)(B)(i)
16 and (ii), the powers are presumed to be exclusive.

17 (e) A person has control of a controllable electronic record if
18 another person, other than the transferor to the person of an interest in
19 the controllable electronic record or a controllable account or
20 controllable payment intangible evidenced by the controllable electronic
21 record:

22 (1) has control of the electronic record and acknowledges that it
23 has control on behalf of the person; or

24 (2) obtains control of the electronic record after having
25 acknowledged that it will obtain control of the electronic record on
26 behalf of the person.

27 (f) A person that has control under this section is not required to
28 acknowledge that it has control on behalf of another person.

29 (g) If a person acknowledges that it has or will obtain control on
30 behalf of another person, unless the person otherwise agrees or law other
31 than this article or article 9 otherwise provides, the person does not

1 owe any duty to the other person and is not required to confirm the
2 acknowledgment to any other person.

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

4 ~~(1) the following conditions are met:~~

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

7 ~~(i) the power to derive substantially all the benefit from the~~
8 ~~controllable electronic record;~~

9 ~~(ii) subject to subsection (b), the exclusive power to prevent~~
10 ~~others from deriving substantially all the benefit from the controllable~~
11 ~~electronic record; and~~

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

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

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

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

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

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

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

4 Sec. 97. Section 12-106, Uniform Commercial Code, Revised Statutes
5 Cumulative Supplement, 2022, is amended to read:

6 12-106 Discharge of account debtor on controllable account or
7 controllable payment intangible ~~included in controllable electronic~~
8 ~~record.~~

9 (a) An account debtor on a controllable account or controllable
10 payment intangible may discharge its obligation by paying:

11 (1) the person having control of the controllable electronic record
12 that evidences the controllable account or controllable payment
13 intangible; or

14 (2) except as provided in subsection (b), a person that formerly had
15 control of the controllable electronic record.

16 (b) Subject to subsection (d), the account debtor may not discharge
17 its obligation by paying a person that formerly had control of the
18 controllable electronic record if the account debtor receives a
19 notification that:

20 (1) is signed by a person that formerly had control or the person to
21 which control was transferred;

22 (2) reasonably identifies the controllable account or controllable
23 payment intangible;

24 (3) notifies the account debtor that control of the controllable
25 electronic record that evidences the controllable account or controllable
26 payment intangible was transferred;

27 (4) identifies the transferee, in any reasonable way, including by
28 name, identifying number, cryptographic key, office, or account number;
29 and

30 (5) provides a commercially reasonable method by which the account
31 debtor is to pay the transferee.

1 (c) After receipt of a notification that complies with subsection
2 (b), the account debtor may discharge its obligation by paying in
3 accordance with the notification and may not discharge the obligation by
4 paying a person that formerly had control.

5 (d) Subject to subsection (h), notification is ineffective under
6 subsection (b):

7 (1) unless, before the notification is sent, the account debtor and
8 the person that, at that time, had control of the controllable electronic
9 record that evidences the controllable account or controllable payment
10 intangible agree in a signed record to a commercially reasonable method
11 by which a person may furnish reasonable proof that control has been
12 transferred;

13 (2) to the extent an agreement between the account debtor and seller
14 of a payment intangible limits the account debtor's duty to pay a person
15 other than the seller and the limitation is effective under law other
16 than this article; or

17 (3) at the option of the account debtor, if the notification
18 notifies the account debtor to:

19 (A) divide a payment;

20 (B) make less than the full amount of an installment or other
21 periodic payment; or

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

24 (e) Subject to subsection (h), if requested by the account debtor,
25 the person giving the notification under subsection (b) seasonably shall
26 furnish reasonable proof, using the method in the agreement referred to
27 in subsection (d)(1), that control of the controllable electronic record
28 has been transferred. Unless the person complies with the request, the
29 account debtor may discharge its obligation by paying a person that
30 formerly had control, even if the account debtor has received a
31 notification under subsection (b).

1 (f) A person furnishes reasonable proof under subsection (e) that
2 control has been transferred if the person demonstrates, using the method
3 in the agreement referred to in subsection (d)(1), that the transferee
4 has the power to:

5 (1) avail itself of substantially all the benefit from the
6 controllable electronic record;

7 (2) prevent others from availing themselves of substantially all the
8 benefit from the controllable electronic record; and

9 (3) transfer the powers specified in subdivisions (1) and (2) to
10 another person.

11 (g) Subject to subsection (h), an account debtor may not waive or
12 vary its rights under subsections (d)(1) and (e) or its option under
13 subsection (d)(3).

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

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

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

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

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

3 ~~(1) to the extent that an agreement between an account debtor and a~~
4 ~~seller of a payment intangible limits the account debtor's duty to pay a~~
5 ~~person other than the seller and the limitation is effective under law~~
6 ~~other than this article; or~~

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

10 ~~(d) Subject to subsection (f), if requested by the account debtor,~~
11 ~~the person giving the notification shall seasonably furnish reasonable~~
12 ~~proof that the person has control of the controllable electronic record.~~
13 ~~Unless the person complies, the account debtor may discharge its~~
14 ~~obligation by paying a person that formerly had control, even if the~~
15 ~~account debtor has received a notification under subsection (b).~~

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

18 ~~(h) (f)~~ This section is subject to law other than this article which
19 establishes a different rule for an account debtor who is an individual
20 and who incurred the obligation primarily for personal, family, or
21 household purposes.

22 Sec. 98. Section 12-107, Uniform Commercial Code, Revised Statutes
23 Cumulative Supplement, 2022, is amended to read:

24 12-107 Governing law.

25 ~~(a) Except as provided in subsection (b), the local law of a~~
26 ~~controllable electronic record's jurisdiction governs a matter covered by~~
27 ~~this article.~~

28 ~~(b) For a controllable electronic record that evidences a~~
29 ~~controllable account or controllable payment intangible, the local law of~~
30 ~~the controllable electronic record's jurisdiction governs a matter~~
31 ~~covered by section 12-106 unless an effective agreement determines that~~

1 the local law of another jurisdiction governs.

2 (c) The following rules determine a controllable electronic record's
3 jurisdiction under this section:

4 (1) If the controllable electronic record, or a record attached to
5 or logically associated with the controllable electronic record and
6 readily available for review, expressly provides that a particular
7 jurisdiction is the controllable electronic record's jurisdiction for
8 purposes of this article or the Uniform Commercial Code, that
9 jurisdiction is the controllable electronic record's jurisdiction.

10 (2) If subdivision (1) does not apply and the rules of the system in
11 which the controllable electronic record is recorded are readily
12 available for review and expressly provide that a particular jurisdiction
13 is the controllable electronic record's jurisdiction for purposes of this
14 article or the Uniform Commercial Code, that jurisdiction is the
15 controllable electronic record's jurisdiction.

16 (3) If subdivisions (1) and (2) do not apply and the controllable
17 electronic record, or a record attached to or logically associated with
18 the controllable electronic record and readily available for review,
19 expressly provides that the controllable electronic record is governed by
20 the law of a particular jurisdiction, that jurisdiction is the
21 controllable electronic record's jurisdiction.

22 (4) If subdivisions (1), (2), and (3) do not apply and the rules of
23 the system in which the controllable electronic record is recorded are
24 readily available for review and expressly provide that the controllable
25 electronic record or the system is governed by the law of a particular
26 jurisdiction, that jurisdiction is the controllable electronic record's
27 jurisdiction.

28 (5) If subdivisions (1) through (4) do not apply, the controllable
29 electronic record's jurisdiction is the District of Columbia.

30 (d) If subsection (c)(5) applies and article 12 is not in effect in
31 the District of Columbia without material modification, the governing law

1 for a matter covered by this article is the law of the District of
2 Columbia as though article 12 were in effect in the District of Columbia
3 without material modification. In this subsection, "article 12" means
4 Article 12 of Uniform Commercial Code Amendments (2022).

5 (e) To the extent subsections (a) and (b) provide that the local law
6 of the controllable electronic record's jurisdiction governs a matter
7 covered by this article, that law governs even if the matter or a
8 transaction to which the matter relates does not bear any relation to the
9 controllable electronic record's jurisdiction.

10 (f) The rights acquired under section 12-104 by a purchaser or
11 qualifying purchaser are governed by the law applicable under this
12 section at the time of purchase.

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

15 Sec. 99. The Uniform Commercial Code is amended by adding new
16 section:

17 12A-101 Title.

18 This article may be cited as Transitional Provisions for Uniform
19 Commercial Code Amendments (2022).

20 Sec. 100. The Uniform Commercial Code is amended by adding new
21 section:

22 12A-102 Definitions.

23 (a) In this article:

24 (1) "Adjustment date" means July 1, 2025.

25 (2) "Article 12" means article 12 of the Uniform Commercial Code.

26 (3) "Article 12 property" means a controllable account, controllable
27 electronic record, or controllable payment intangible.

28 (b) The following definitions in other articles of the Uniform
29 Commercial Code apply to this article.

30 "Controllable account". Section 9-102.

31 "Controllable electronic record". Section 12-102.

1 "Controllable payment intangible". Section 9-102.

2 "Electronic money". Section 9-102.

3 "Financing statement". Section 9-102.

4 (c) Article 1 contains general definitions and principles of
5 construction and interpretation applicable throughout this article.

6 Sec. 101. The Uniform Commercial Code is amended by adding new
7 section:

8 12A-201 Saving clause.

9 Except as provided in sections 12A-301 to 12A-306, a transaction
10 validly entered into before the effective date of this act and the
11 rights, duties, and interests flowing from the transaction remain valid
12 thereafter and may be terminated, completed, consummated, or enforced as
13 required or permitted by law other than the Uniform Commercial Code or,
14 if applicable, the Uniform Commercial Code, as though this legislative
15 bill had not taken effect.

16 Sec. 102. The Uniform Commercial Code is amended by adding new
17 section:

18 12A-202 Special Transitional Rule.

19 Except as provided in this article:

20 (a) Article 12, as in effect prior to the effective date of this
21 act, applies to any transaction involving a controllable electronic
22 record, as defined in Article 12 as then in effect, that arose on or
23 after July 1, 2022, and prior to the effective date of this act, to the
24 extent provided in section 12-108 as then in effect; and

25 (b) Any transaction involving a controllable electronic record, as
26 defined in Article 12 as in effect prior to the effective date of this
27 act, that arose before July 1, 2022, and the rights, obligations, and
28 interests flowing from that transaction are governed by any statute or
29 other rule amended or repealed by Laws 2021, LB649, as if such amendment
30 or repeal had not occurred and may be terminated, completed, consummated,
31 or enforced under that statute or other rule.

1 Sec. 103. The Uniform Commercial Code is amended by adding new
2 section:

3 12A-301 Saving clause.

4 (a) Except as provided in sections 12A-301 to 12A-306, article 9 and
5 article 12 as amended by this legislative bill apply to a transaction,
6 lien, or other interest in property, even if the transaction, lien, or
7 interest was entered into, created, or acquired before the effective date
8 of this act.

9 (b) Except as provided in subsection (c) and sections 12A-302 to
10 12A-306:

11 (1) a transaction, lien, or interest in property that was validly
12 entered into, created, or transferred before the effective date of this
13 act and was not governed by the Uniform Commercial Code, but would be
14 subject to article 9 or article 12 as amended by this legislative bill if
15 it had been entered into, created, or transferred on or after the
16 effective date of this act, including the rights, duties, and interests
17 flowing from the transaction, lien, or interest, remains valid on and
18 after the effective date of this act; and

19 (2) the transaction, lien, or interest may be terminated, completed,
20 consummated, and enforced as required or permitted by this legislative
21 bill or by the law that would apply if this legislative bill had not
22 taken effect.

23 (c) This legislative bill does not affect an action, a case, or a
24 proceeding commenced before the effective date of this act.

25 Sec. 104. The Uniform Commercial Code is amended by adding new
26 section:

27 12A-302 Security interest perfected before effective date of this
28 act.

29 (a) A security interest that is enforceable and perfected
30 immediately before the effective date of this act is a perfected security
31 interest under this legislative bill if, on the effective date of this

1 act, the requirements for enforceability and perfection under this
2 legislative bill are satisfied without further action.

3 (b) If a security interest is enforceable and perfected immediately
4 before the effective date of this act, but the requirements for
5 enforceability or perfection under this legislative bill are not
6 satisfied on the effective date of this act, the security interest:

7 (1) is a perfected security interest until the earlier of the time
8 perfection would have ceased under the law in effect immediately before
9 the effective date of this act or the adjustment date;

10 (2) remains enforceable thereafter only if the security interest
11 satisfies the requirements for enforceability under section 9-203, as
12 amended by this legislative bill, before the adjustment date; and

13 (3) remains perfected thereafter only if the requirements for
14 perfection under this legislative bill are satisfied before the time
15 specified in subdivision (1).

16 Sec. 105. The Uniform Commercial Code is amended by adding new
17 section:

18 12A-303 Security interest unperfected before effective date of this
19 act.

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

22 (1) remains an enforceable security interest until the adjustment
23 date;

24 (2) remains enforceable thereafter if the security interest becomes
25 enforceable under section 9-203, as amended by this legislative bill, on
26 the effective date of this act or before the adjustment date; and

27 (3) becomes perfected:

28 (A) without further action, on the effective date of this act if the
29 requirements for perfection under this legislative bill are satisfied
30 before or at that time; or

31 (B) when the requirements for perfection are satisfied if the

1 requirements are satisfied after that time.

2 Sec. 106. The Uniform Commercial Code is amended by adding new
3 section:

4 12A-304 Effectiveness of actions taken before effective date of this
5 act.

6 (a) If action, other than the filing of a financing statement, is
7 taken before the effective date of this act and the action would have
8 resulted in perfection of the security interest had the security interest
9 become enforceable before the effective date of this act, the action is
10 effective to perfect a security interest that attaches under this
11 legislative bill before the adjustment date. An attached security
12 interest becomes unperfected on the adjustment date unless the security
13 interest becomes a perfected security interest under this legislative
14 bill before the adjustment date.

15 (b) The filing of a financing statement before the effective date of
16 this act is effective to perfect a security interest on the effective
17 date of this act to the extent the filing would satisfy the requirements
18 for perfection under this legislative bill.

19 (c) The taking of an action before the effective date of this act is
20 sufficient for the enforceability of a security interest on the effective
21 date of this act if the action would satisfy the requirements for
22 enforceability under this legislative bill.

23 Sec. 107. The Uniform Commercial Code is amended by adding new
24 section:

25 12A-305 Priority.

26 (a) Subject to subsections (b) and (c), this legislative bill
27 determines the priority of conflicting claims to collateral.

28 (b) Subject to subsection (c), if the priorities of claims to
29 collateral were established before the effective date of this act,
30 article 9 as in effect before the effective date of this act determines
31 priority.

1 (c) On the adjustment date, to the extent the priorities determined
2 by article 9 as amended by this legislative bill modify the priorities
3 established before the effective date of this act, the priorities of
4 claims to article 12 property and electronic money established before the
5 effective date of this act cease to apply.

6 Sec. 108. The Uniform Commercial Code is amended by adding new
7 section:

8 12A-306 Priority of claims when priority rules of article 9 do not
9 apply.

10 (a) Subject to subsections (b) and (c), article 12 as amended by
11 this legislative bill determines the priority of conflicting claims to
12 article 12 property when the priority rules of article 9 as amended by
13 this legislative bill do not apply.

14 (b) Subject to subsection (c), when the priority rules of article 9
15 as amended by this legislative bill do not apply and the priorities of
16 claims to article 12 property were established before the effective date
17 of this act, law other than article 12 as amended by this legislative
18 bill determines priority.

19 (c) When the priority rules of article 9 as amended by this
20 legislative bill do not apply, to the extent the priorities determined by
21 this legislative bill modify the priorities established before the
22 effective date of this act, the priorities of claims to article 12
23 property established before the effective date of this act cease to apply
24 on the adjustment date.

25 Sec. 109. Original sections 1-204, 1-301, 1-306, 2-102, 2-106,
26 2-201, 2-202, 2-203, 2-205, 2-209, 2A-102, 2A-103, 2A-107, 2A-201,
27 2A-202, 2A-203, 2A-205, 2A-208, 3-104, 3-105, 3-401, 3-604, 4A-103,
28 4A-201, 4A-202, 4A-203, 4A-207, 4A-208, 4A-210, 4A-211, 4A-305, 5-104,
29 5-116, 7-102, 7-106, 8-102, 8-103, 8-106, 8-110, 8-303, 9-104, 9-105,
30 9-203, 9-204, 9-207, 9-208, 9-209, 9-210, 9-304, 9-305, 9-313, 9-316,
31 9-317, 9-323, 9-324, 9-330, 9-332, 9-334, 9-341, 9-404, 9-408, 9-509,

1 9-513, 9-601, 9-605, 9-608, 9-611, 9-613, 9-614, 9-615, 9-616, 9-619,
2 9-620, 9-621, 9-624, and 9-628, Uniform Commercial Code, Reissue Revised
3 Statutes of Nebraska, and sections 1-201, 9-102, 9-107A, 9-301, 9-310,
4 9-312, 9-314, 9-331, 9-406, 12-102, 12-103, 12-104, 12-105, 12-106, and
5 12-107, Uniform Commercial Code, Revised Statutes Cumulative Supplement,
6 2022, are repealed.

7 Sec. 110. The following sections are outright repealed: Section
8 12-101A, 12-108, and 12-109, Uniform Commercial Code, Revised Statutes
9 Cumulative Supplement, 2022.