

Contents

CHAPTER 1 APPLICABLE LAW	1-1
1.1 What Law Governs?	1-1
1.1.1 Governing Law for Perfection and Priority	1-1
1.1.2 Governing Law for Other Issues	1-4
CHAPTER 2 OVERVIEW AND DEFINITIONS	2-1
2.1 Security Interest	2-1
2.1.1 Purchase-Money Security Interests	2-1
2.1.1.1 Application of Payments	2-2
2.1.2 Agricultural Liens	2-3
2.1.3 Consignments	2-3
2.2 Parties	2-4
2.3 Exclusions From New 9	2-5
2.4 New 9 Collateral Categories	2-7
2.4.1 Intangible and “Semi-Tangible” Property	2-7
2.4.2 Tangible Personal Property — Goods	2-11
2.4.3 Investment Property-Related Definitions	2-13
2.4.4 Supporting Obligation	2-13
2.4.5 Proceeds	2-14
2.5 Medium Neutral Terms	2-14
2.6 Good Faith	2-15
2.7 Special Consumer and Ohio Rules	2-15
CHAPTER 3 CREATING A SECURITY INTEREST — ATTACHMENT — MAKING THE SECURED PARTY’S RIGHTS ENFORCEABLE AGAINST THE DEBTOR	3-1
3.1 Elements of Attachment	3-1
3.2 Security Agreement	3-2
3.3 Possession	3-3
3.4 Control	3-4
3.5 Attachment to Proceeds and Supporting Obligations	3-4
3.6 Attachment to Securities and Commodity Accounts	3-4
3.7 After-Acquired Property	3-5
3.8 Future Advances	3-5
CHAPTER 4 PERFECTION	4-1
4.1 General Rule: All Security Interests Must Be Perfected by Filing a Financing Statement	4-2

CONTENTS

4.2	Exception 1: Filing a Financing Statement Simply Doesn't Work	4-2
4.3	Exception 2: Filing a Financing Statement Is an Optional Method of Perfection	4-2
4.4	Exception 3: Automatic Perfection	4-3
4.5	Exception 4: Filing a Financing Statement Is Not Required for Security Interests in Property Subject to a Certificate of Title or Other Statute	4-4
4.6	Exception 5: Filing a Financing Statement Is Not Required for Security Interests Perfected by Possession	4-5
4.7	Exception 6: Filing a Financing Statement Is Not Required for Security Interests Perfected by Control	4-6
4.8	Exception 7: Temporary Perfection	4-6
4.9	Perfection of Security Interests in Aircraft	4-6
4.10	Perfection of Security Interests in Intellectual Property	4-7
CHAPTER 5 FINANCING STATEMENT MECHANICS		5-1
5.1	What Kinds of Records Are Filed?	5-1
5.2	Where to File?	5-1
5.3	Contents of a "Sufficient" Financing Statement	5-2
5.4	Debtor's Name Rules	5-4
5.5	How to Describe Collateral	5-6
5.6	When Filing Office Can Reject Filings	5-6.1
5.7	Mistakes	5-8
5.8	Who Can File?	5-9
5.9	Amendments to Financing Statements	5-10
5.10	Duration of Financing Statements	5-11
5.11	Continuation Statements	5-11
5.12	Termination Statements	5-12
5.13	The Filing Office	5-12
5.14	Inaccurate or Wrongfully Filed Records	5-12
5.15	Filing Office Indexing Errors	5-13
5.16	Maintenance and Destruction of Records	5-13
5.17	Information from Filing Office	5-13
5.18	Fees	5-13
5.19	Filing Office Rules	5-14
5.20	Wrongfully Filed Termination Statement	5-14
CHAPTER 6 PREVAILING AGAINST OTHERS		6-1
6.1	General Rules of Priority among Creditors	6-1
6.2	Exceptions to the "First-to-File-or-Perfect" Rule	6-2
6.2.1	Control Prevails over Filing	6-2

6.2.2	Some Security Interests Perfected by Possession or Control Prevail over Security Interests in Chattel Paper and Instruments Perfected Earlier by Filing	6-2
6.2.3	The Purchase-Money Security Interest Super-priority	6-4
6.2.4	Future Advances	6-5
6.3	Transferees of Collateral	6-6
6.4	Buyers	6-6
6.5	Licensees and Lessees in Ordinary Course of Business	6-8
6.6	Rights under Chapters 1303, 1307 and 1308	6-8
6.7	Possessory Statutory Liens	6-8.1
6.8	Priority of Security Interest in Fixtures and Crops Against Real Estate Claimants	6-8.1
6.8.1	Exception 1: Purchase-Money Priority	6-9
6.8.2	Exception 2: First to Record	6-9
6.8.3	Exception 3: Removable Goods and Domestic Appliances	6-9
6.8.4	Exception 4: Judicial Liens	6-10
6.8.5	Exception 5: Manufactured Homes	6-10
6.8.6	Subordination of Purchase-Money Security Interest in Fixtures to Construction Mortgage	6-10
6.8.7	Crops	6-10
6.8.8	Priority Based on Consent	6-11
6.9	Accessions	6-11
6.10	Commingled Goods	6-11
6.11	Contractual Subordination	6-12
CHAPTER 7 PARTICULAR TYPES OF COLLATERAL		7-1
7.1	Investment Property	7-1
7.2	Deposit Accounts	7-4
7.3	Letter-of-Credit Rights	7-7
7.4	Commercial Tort Claims	7-9
7.5	Agricultural Liens	7-9
7.6	Software	7-11
7.7	Motor Vehicles	7-12
7.8	Electronic Chattel Paper	7-14
CHAPTER 8 PROCEEDS		8-1
8.1	General Rule — Continuation of Security Interest in Original Collateral and Proceeds	8-1
8.2	Twenty-Day Automatic Perfection for Proceeds	8-2
8.3	How a Security Interest in Proceeds Remains Perfected for More than 20 Days	8-2
8.4	Priority in Proceeds	8-3

CONTENTS

CHAPTER 9 CHANGES AFTER CLOSING	9-1
9.1 Secured Party Changes	9-1
9.2 Debtor’s Location Changes	9-1
9.3 Collateral Location Changes	9-3
9.4 Location of Bank, Issuer, Nominated Person, Securities Intermediary or Commodity Intermediary Changes	9-3
9.5 Financing Statements and Changes	9-3
9.5.1 Debtor’s Name Changes	9-4
9.5.2 New Debtors	9-4
9.6 “Double Debtors”	9-5
9.7 Goods Covered by Certificates of Title	9-6
CHAPTER 10 THIRD PARTIES — ACCOUNT DEBTORS	10-1
10.1 Account Debtors	10-1
10.2 Terms Restricting Assignment	10-3
10.2.1 Accounts, Chattel Paper and Security Assignments of Payment Intangibles and Promissory Notes	10-3
10.2.2 Health-Care-Insurance Receivables, Certain General Intangibles, Including Contracts, Permits, Licenses and Franchises, and Sales of Payment Intangibles and Promissory Notes	10-4
10.2.3 Assignment of Letter-of-Credit Rights	10-7
CHAPTER 11 ENFORCEMENT.....	11-1
11.1 Options	11-1
11.2 Waiver and Variance of Debtor’s and Obligor’s Rights and Secured Party’s Duties	11-2
11.3 Unknown Debtor or Secondary Obligor	11-3
11.4 “Commercially Reasonable”	11-3
11.5 Fixtures	11-4
11.6 Collection and Enforcement of Collateral Consisting of Rights to Payment	11-4
11.7 Application of Proceeds of Collection and Enforcement of Collateral Consisting of Rights to Payment	11-6
11.8 Repossession	11-7
11.9 Disposition of Collateral	11-7
11.10 Notices Before Disposition	11-9
11.11 Forms of Notice	11-10
11.11.1 Non-Consumer-Goods Transactions	11-10
11.11.2 Consumer-Goods Transactions	11-11
11.12 Application of Proceeds	11-12
11.13 Accounting	11-14
11.14 Transferees of Collateral	11-14

11.15	Transfers to Secondary Obligors	11-14
11.16	Transfer Statement	11-15
11.17	Acceptance of Collateral in Full or Partial Satisfaction of Obligation—Strict Foreclosure	11-16
11.18	Mandatory Disposition of Consumer Goods	11-18
11.19	Right of Redemption	11-18
CHAPTER 12 SECURED PARTY’S OBLIGATIONS		12-1
12.1	Care of Collateral	12-1
12.2	Release Account Debtor	12-1
12.3	Duty to Provide Information	12-2
12.4	Obligation to Terminate	12-3
12.5	Penalties for Failure to Comply with These Obligations	12-4
CHAPTER 13 PENALTIES AGAINST SECURED PARTIES		13-1
13.1	Damages	13-1
13.2	Rebuttable Presumption Rule	13-1
13.3	Insider Dispositions	13-2
CHAPTER 14 FORMS		14-1
FORM 14-1	New 9 Collateral List for Security Agreement — § 1309.108 (Commercial Credit)	14-1
FORM 14-2	New 9 Collateral List — § 1309.108 (Commercial Credit)	14-3
FORM 14-3	Secured Party’s Release of Control over Deposit Account — § 1309.208(B)(1)	14-4
FORM 14-4	Secured Party’s Release of Securities Intermediary/Commodity Intermediary — § 9.208(B)(4)	14-5
FORM 14-5	Secured Party’s Release of Control over Letter-of-Credit Right — § 1309.208(B)(5)1	4-6
FORM 14-6	Debtor’s Request for an Accounting — § 1309.210(A)(2)	14-7
FORM 14-7	Debtor’s Request Regarding a List of Collateral — § 1309.210(A)(3)	14-8
FORM 14-8	Debtor’s Request Regarding a Statement of Account — § 1309.210(A)(4)	14-9
FORM 14-9	Secured Party’s Accounting — § 1309.210(B)(1)	14-10
FORM 14-10	Secured Party’s Response to Debtor’s Request Regarding a List of Collateral § 1309.210(B)(2)	14-11
FORM 14-11	Secured Party’s Response to Debtor’s Request Regarding a Statement of Account § 1309.210(B)(2)	14-12
FORM 14-12	Secured Party’s Response to Debtor’s Request Regarding a List of Collateral when Secured Party	

CONTENTS

	Claims an Interest in All of a Particular Type of Collateral Owned by the Debtor § 1309.210(C)	14-13
FORM 14-13	Notice of Exclusive Control of Securities Account.	14-14
FORM 14-14	Notice of Disposition of Consumer Goods § 1309.6141	4-15
FORM 14-15	Notice of Disposition of Non-Consumer Goods § 1309.6131	4-17
FORM 14-16	Secured Party’s Request for Consent of Issuer or Nominated Person to Assignment of Letter-of-Credit Proceeds and Issuer or Nominated Person’s Consent § 1309.107	14-18
FORM 14-17	Exclusion of Warranties by Secured Party Selling Collateral § 1309.610(F).	14-19
FORM 14-18	Notice of Purchase-Money Security Interest in Inventory — § 1309.324(B)	14-20
FORM 14-19	Notice to Bailee in Possession of Goods Who has Issued a Non-negotiable Document Covering the Goods — § 1309.312(D)	14-21
FORM 14-20	Consent of Owner of Real Property to Creation of Security Interest in Fixtures — § 1309.334(F)	14-22
FORM 14-20A	Mortgagee’s Waiver and Consent	14-22.1
FORM 14-21	Notice from Consignor to Secured Party — § 1309.324(B)	14-23
FORM 14-22	Waiver of Disposition Notification — § 1309.624(A)	14-24
FORM 14-23	Mandatory Disposition of Consumer Goods — Agreement of Debtor and Secondary Obligor to Longer Period of Time — §§ 1309.620(E) and (F).	14-25
FORM 14-24	Description of Commercial Tort Claim for Purposes of Security Agreement and Financing Statement — §1309.108, §1309.504, §1309.203(B)(2)(a).	14-26
FORM 14-24A	Assignment and Security Agreement of Lawsuit Proceeds	14-26.1
FORM 14-25	Grant of Security Interest in Deposit Account to Depository Bank to Include in Deposit Account Signature Card — §1309.203(B)(3)(d)	14-27
FORM 14-26	Secured Party’s Proposal to Accept Collateral in Full Satisfaction of Debt — §1309.620.	14-28
FORM 14-27	Secured Party’s Proposal to Accept Collateral in Partial Satisfaction of Debt — §1309.620.	14-29
FORM 14-28	Secured Party’s Notice That Strict Foreclosure Has Occurred	14-31
FORM 14-29	Secured Party’s Notice That Partial Strict Foreclosure Has Occurred	14-32
FORM 14-30	Governing Law Choices	14-33
FORM 14-31	Application of Payments	14-34

FORM 14-32	Bailee Acknowledgment That It Holds Possession of Collateral for Secured Party's Benefit — § 1309.313(C)	14-35
FORM 14-32A	Bailee's Waiver	14-36
FORM 14-33	Notice of Assignment to Include on Chattel Paper or an Instrument — §1309.330(A)(2) and (F)	14-36.4
FORM 14-34	Notice to Include on Chattel Paper Financing Statement That Purchase of Chattel Paper from Debtor Would Violate the Rights of the Secured Party — § 1309.330(B)	14-37
FORM 14-35	Notice to Account Debtor of Assignment of Account — §1309.406	14-38
FORM 14-36	Agreement of Account Debtor Not to Assert Claims and Defenses Against Assignee of Account — §1309.403(B)	14-39
FORM 14-37	Secured Party's Release of Account Debtor — §1309.209(B)	14-40
FORM 14-38	Proof Offered by Assignee That Account Has Been Assigned — §1309.406(C)	14-41
FORM 14-39	Secured Party Affidavit in Recordable Form Regarding Default — §1309.607(b)	14-42
FORM 14-40	Instruction by Secured Party to Bank to Pay out Deposit Account Collateral after Default — § 1309.607(A)(5)	14-44
FORM 14-41	Transfer Statement — § 1309.619	14-45
FORM 14-42	Notice to Secured Party of a Claim or Interest in the Collateral — § 1309.611(C)(3)(a)	14-46
FORM 14-43	Demand by Subordinate Secured Party for Proceeds — § 1309.608(A)(1)(c), §1309.615(A)(3)(a)	14-47
FORM 14-44	Demand by Secured Party of Proof of Subordinate Interest — § 1309.608(A)(2), §1309.615(B)	14-48
FORM 14-45	Federal Trade Commission Holder-in-Due-Course Notice	14-49
FORM 14-46	Deficiency/Surplus Explanation — § 1309.616	14-50
FORM 14-47	Security Agreement (Consumer)	14-52
FORM 14-48	Security Agreement (Business Debtor)	14-64
FORM 14-48A	Patent Collateral Assignment and Security Agreement	14-76
FORM 14-48B	Trademark Collateral Assignment and Security Agreement	14-76.11
FORM 14-48C	Copyright Collateral Assignment and Security Agreement	14-76.21
FORM 14-48D	Limited License Agreement to Enforce Security Interest (Borrower)	14-76.30
FORM 14-48E	Security Agreement: Aircraft	14-76.35

CONTENTS

FORM 14-48F	Security Agreement: Partnership Interest	14-76.46
FORM 14-49	Pledge and Security Agreement (Certificated Stock)	14-76.53
FORM 14-50	Investment Property Control Agreement (Joint Control)	14-85
FORM 14-51	Investment Property Control Agreement (Exclusive Creditor Control)	14-89
FORM 14-51A	Investment Property Security Agreement	14-94
FORM 14-51B	Securities Account Control Agreement	14-94.14
FORM 14-52	Control Agreement (Exclusive Creditor Control)	14-94.24
FORM 14-53	Deposit Account Control Agreement (Joint Control)	14-98
FORM 14-53A	Assignment and Security Agreement (Promissory Note)	14-102.1
FORM 14-54	Deposit Account Control Agreement (Exclusive Creditor Control)	14-103
FORM 14-54A	Security Agreement: Deposit Accounts and Certificates of Deposit	14-110
FORM 14-54B	Pledge and Security Agreement: Certificate of Deposit	14-110.7
FORM 14-54C	Deposit Account Control Agreement [Time Deposit]	14-110.13
FORM 14-54D	Deposit Account Control Agreement [Demand Deposit]	14-110.22
FORM 14-55	Guaranty Agreement (Unlimited Debt Amount)	14-110.31
FORM 14-56	Guaranty Agreement (Fixed Debt Amount)	14-117
FORM 14-56A	Subsidiary Guaranty	14-124.1
FORM 14-57	Term Note (Business Purpose)	14-125
FORM 14-58	Promissory Note	14-130
FORM 14-59	Debt Subordination Agreement	14-135
FORM 14-60	Loan and Security Agreement (Commercial Loan)	14-145
FORM 14-61	Pledge Agreement (Certificates of Deposit that are “instruments”)	14-179
FORM 14-62	UCC Financing Statement	14-185
FORM 14-63	UCC Financing Statement Addendum	14-186
FORM 14-64	UCC Financing Statement Amendment	14-187
FORM 14-65	UCC Financing Statement Amendment Addendum	14-188
FORM 14-66	Assignment of Mortgages (Blanket)	14-189
FORM 14-67	Continuation Financing Statement Legend — § 1309.706(c)	14-192
FORM 14-68	Open-End Mortgage, Assignment of Rents and Security Agreement — §1309.502(c)	14-193
FORM 14-69	Assignment of Open-end Mortgage and Security Agreement	14-214
FORM 14-70	Financing Statement Legend — Disclosing Debtor Agreement Not to Grant Junior Security Interests in Collateral — § 1309.331	14-216

FORM 14-71	Waiver of Right to Redeem Commercial Transaction — § 1309.624(C)	14-217
FORM 14-72	Secured Party’s Disclaimer of an Interest in Collateral or Obligations — § 1309.210(D) and (E)	14-218
FORM 14-73	New 9 Collateral List for Financing Statement — § 1309.504 (Commercial Credit)	14-219
FORM 14-74	Debtor’s Correction Statement — § 1309.518(B)	14-221
FORM 14-75	Authorization to File Financing Statement or Amendment	14-222
FORM 14-75A	Authorization for Filing of Financing Statements	14-222.1
FORM 14-76	Notice of Purchase-Money Security Interest in Livestock — § 1309.324(B)	14-223
FORM 14-77	Open-End Construction Mortgage, Assignment of Rents and Security Agreement	14-224
FORM 14-78	Solvency Certificate (Short Form)	14-250
FORM 14-79	Solvency Certificate (Long Form)	14-252
FORM 14-80	Subordination Agreement (Obligations and Collateral)	14-255
FORM 14-81	Basic Workout Checklists for Auditing Documents	14-268
FORM 14-82	Methods of Perfection by New 9 Collateral Category	14-278
FORM 14-83	Methods of Perfection Chart by Principal Collateral Types	14-280
FORM 14-84	Assignment of Note and Other Loan Documents	14-289
FORM 14-85	Consent to Assignment and Release	14-296
FORM 14-86	Acknowledgment of Delivery of Loan Documents	14-301

APPENDIX A TRANSITION FROM OLD 9 TO NEW 9

A.1	Transition Rules	APP A-1
A.1.1	General Rule: New 9 Applies to Pre- and Post-July 1, 2001, Transactions	APP A-1
A.1.2	Exceptions to the General Rule	APP A-2
A.1.2.1	Law Suits	APP A-2
A.1.2.2	Five-Year Safe Harbor for Financing Statements	APP A-2
A.1.2.3	One Year for Everything Else	APP A-3
A.2	How to Continue Financing Statements Filed Properly under Old 9, but in the Wrong Place under New 9, after July 1, 2001	APP A-5
A.3	How to Continue Financing Statements Filed in the Right New 9 State and Filing Office after July 1, 2001 (<i>i.e.</i> , the Old 9 and New 9 Locations Are the Same)	APP A-6
A.4	Amendments to Financing Statements Filed before July 1, 2001	APP A-6
A.5	Transition Priorities	APP A-7

<i>Table of Ohio Laws</i>	INDEX-1
<i>Subject Index</i>	INDEX-18
<i>Forms Index</i>	INDEX-34