

**355.12-104 Rights in controllable account, controllable electronic record, and controllable payment intangible.**

- (1) This section applies to the acquisition and purchase of rights in a controllable account or controllable payment intangible, including the rights and benefits under subsections (3), (4), (5), (7), and (8) of this section of a purchaser and qualifying purchaser, in the same manner this section applies to a controllable electronic record.
- (2) To determine whether a purchaser of a controllable account or a controllable payment intangible is a qualifying purchaser, the purchaser obtains control of the account or payment intangible if it obtains control of the controllable electronic record that evidences the account or payment intangible.
- (3) Except as provided in this section, law other than this article determines whether a person acquires a right in a controllable electronic record and the right the person acquires.
- (4) A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer, except that a purchaser of a limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.
- (5) A qualifying purchaser acquires its rights in the controllable electronic record free of a claim of a property right in the controllable electronic record.
- (6) Except as provided in subsections (1) and (5) of this section for a controllable account and a controllable payment intangible or law other than this article, a qualifying purchaser takes a right to payment, right to performance, or other interest in property evidenced by the controllable electronic record subject to a claim of a property right in the right to payment, right to performance, or other interest in property.
- (7) An action may not be asserted against a qualifying purchaser based on both a purchase by the qualifying purchaser of a controllable electronic record and a claim of a property right in another controllable electronic record, whether the action is framed in conversion, replevin, constructive trust, equitable lien, or other theory.
- (8) Filing of a financing statement under Article 9 of this chapter is not notice of a claim of a property right in a controllable electronic record.

**Effective:** January 1, 2025

**History:** Created 2024 Ky. Acts ch. 10, sec. 97, effective January 1, 2025.