

Section 9-406 in Oregon

ORS 79A.4060

AS ENACTED · THE COMPLETE SECTION

- (1) Subject to subsections (2) to (9) and (11) of this section, an account debtor on an account, chattel paper or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, signed by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.
- (2) Subject to subsections (8) and (11) of this section, notification is ineffective under subsection (1) of this section: (a) If it does not reasonably identify the rights assigned; (b) To the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this chapter; or (c) At the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if: (A) Only a portion of the account, chattel paper or payment intangible has been assigned to that assignee; (B) A portion has been assigned to another assignee; or (C) The account debtor knows that the assignment to that assignee is limited.
- (3) Subject to subsections (8) and (11) of this section, if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under subsection (1) of this section.
- (4) In this subsection, "promissory note" includes a negotiable instrument that evidences chattel paper. Except as otherwise provided in subsection (5) of this section and ORS 72A.3030 and 79A.4070, and subject to subsection (8) of this section, a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it: (a) Prohibits, restricts or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in, the account, chattel paper, payment intangible or promissory note; or (b) Provides that the assignment or transfer or the creation, attachment, perfection or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy under the account, chattel paper, payment intangible or promissory note.
- (5) Subsection (4) of this section does not apply to the sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under ORS 79A.6100 or an acceptance of collateral under ORS 79A.6200.
- (6) Except as otherwise provided in ORS 72A.3030 and 79A.4070 and subject to subsections (8) and (9) of this section, a rule of law, statute or regulation that prohibits, restricts or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute or regulation: (a) Prohibits, restricts or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in the account or chattel paper; or (b) Provides that the assignment or transfer or the creation, attachment, perfection or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy under the account or chattel paper.
- (7) Subject to subsections (8) and (11) of this section, an account debtor may not waive or vary its option under subsection (2)(c) of this section.
- (8) This section is subject to law other than this chapter which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family or household purposes.

- (9) (a) This section does not apply to the assignment of a health-care-insurance receivable. (b) Subsections (4) and (6) of this section do not apply to the assignment or transfer of, or the creation of a security interest in, a claim or right to receive compensation for injuries or sickness as described in 26 U.S.C. 104(a)(2), provided that such transaction constitutes a sale of such claim or right. The limitation in this paragraph is intended to leave to the court the determination of the proper rules in such cases. The court may not infer from that limitation the nature of the proper rule in such cases and may continue to apply established approaches. (c) Subsections (4) and (6) of this section do not apply to the following: (A) The assignment or transfer of, or the creation of a security interest in, a claim or right to receive compensation for injuries or sickness as described in 26 U.S.C. 104(a)(1); (B) The assignment or transfer of, or the creation of a security interest in, a claim or right to receive benefits under a special needs trust as described in 42 U.S.C. 1396p(d)(4); or (C) The assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in, the benefits, rights, privileges or options accruing under an annuity policy, to the extent that the annuity policy provides for such a restriction and the restriction is permitted under ORS 743.049. (d) Subsection (6) of this section does not apply to the assignment or transfer of, or the creation, attachment, perfection or enforcement of a security interest in, a right when the transfer of the right is prohibited or restricted by ORS 147.325, 461.250 (8) or 656.234, to the extent that ORS 147.325, 461.250 (8) or 656.234 is inconsistent with subsection (6) of this section.
- (10) Except to the extent otherwise provided in subsection (9) of this section, this section prevails over any inconsistent provision of an existing or future statute unless the provision refers expressly to this section and states that the provision prevails over this section.
- (11) Subsections (1), (2), (3) and (7) of this section do not apply to a controllable account or controllable payment intangible.

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HISTORY, AS PUBLISHED

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OFFICIAL PUBLICATION

Oregon Revised Statutes

Oregon Legislative Assembly

https://www.oregonlegislature.gov/bills_laws/ors/ors079A.html

PUBLIC UCC RECORD

Oregon Secretary of State

<https://sos.oregon.gov/business/Pages/ucc.aspx>

COUNSEL

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