

**HOUSE . . . . . No. 25**

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**The Commonwealth of Massachusetts**

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The Honorable Steven James  
*Clerk of the House of Representatives*  
State House, Room 145  
Boston, Massachusetts 02133

*January 3, 2011*

Dear Mr. James:

[Recommendation Header Text]

1.) AN ACT MAKING AMENDMENTS TO THE UNIFORM COMMERCIAL  
CODE COVERING GENERAL PROVISIONS, DOCUMENTS OF TITLE AND SECURED  
TRANSACTIONS

[Recommendation Narrative Text]

Sincerely,

[Filer Name]  
*[Filer Title]*

# HOUSE . . . . . No. 25

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So much of the recommendations of the Commission on Uniform State Laws (House, No. 22) as relates to making amendments to the uniform commercial code covering general provisions, documents of title and secured transactions (House, No. 25). Financial Services.

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## The Commonwealth of Massachusetts

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In the Year Two Thousand Eleven  
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An Act making amendments to the uniform commercial code covering general provisions, documents of title and secured transactions.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           FIRST SET OF AMENDMENTS

2           (UCC ARTICLES 1 AND 7 REVISIONS AND TECHNICAL AMENDMENTS TO  
3 UCC ARTICLE 9)

4           SECTION 1. Section 28 of chapter 10 of the General Laws is hereby amended by  
5 striking out “9-405” and by substituting in place thereof “9-406.”

6           SECTION 2. Chapter 106 of the General Laws is hereby amended by striking out article  
7 1, as so appearing, and by substituting in place thereof the following article 1:--

8           ARTICLE 1 – GENERAL PROVISIONS

9           PART 1

10          GENERAL PROVISIONS

11 SECTION 1 101. SHORT TITLES.

12 (a) This chapter may be cited as the Uniform Commercial Code.

13 (b) This article may be cited as Uniform Commercial Code – General Provisions.

14 SECTION 1 102. SCOPE OF ARTICLE. This article applies to a transaction to the  
15 extent that it is governed by another article of this chapter.

16 SECTION 1 103. CONSTRUCTION OF THIS CHAPTER TO PROMOTE ITS  
17 PURPOSES AND POLICIES; APPLICABILITY OF SUPPLEMENTAL PRINCIPLES OF  
18 LAW

19 (a) This chapter must be liberally construed and applied to promote its underlying  
20 purposes and policies, which are:

21 (1) to simplify, clarify, and modernize the law governing commercial transactions;

22 (2) to permit the continued expansion of commercial practices through custom, usage,  
23 and agreement of the parties; and

24 (3) to make uniform the law among the various jurisdictions.

25 (b) Unless displaced by the particular provisions of this chapter, the principles of law and  
26 equity, including the law merchant and the law relative to capacity to contract, principal and  
27 agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, and other  
28 validating or invalidating cause supplement its provisions.

29 SECTION 1 104. CONSTRUCTION AGAINST IMPLIED REPEAL. This chapter  
30 being a general act intended as a unified coverage of its subject matter, no part of it shall be

31 deemed to be impliedly repealed by subsequent legislation if such construction can reasonably be  
32 avoided.

33 SECTION 1 105. SEVERABILITY. If any provision or clause of this chapter or its  
34 application to any person or circumstance is held invalid, the invalidity does not affect other  
35 provisions or applications of this chapter which can be given effect without the invalid provision  
36 or application, and to this end the provisions of this chapter are severable.

37 SECTION 1 106. USE OF SINGULAR AND PLURAL; GENDER. In this chapter,  
38 unless the statutory context otherwise requires:

39 (1) words in the singular number include the plural, and those in the plural include the  
40 singular; and

41 (2) words of any gender also refer to any other gender.

42 SECTION 1 107. SECTION CAPTIONS. Section captions are part of this chapter. The  
43 subsection headings in Article 9 are not part of this chapter.

44 SECTION 1 108. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND  
45 NATIONAL COMMERCE ACT. This chapter modifies, limits, and supersedes the federal  
46 Electronic Signatures in Global and National Commerce Act, (15 U.S.C. Section 7001, et seq.)  
47 but does not modify, limit, or supersede Section 101(c) of that act (15. U.S.C. Section 7001(c))  
48 or authorize electronic delivery of any of the notices described in Section 103(b) of that act (15  
49 U.S.C. Section 7003(b)).

50 PART 2

51 GENERAL DEFINITIONS AND

52 PRINCIPLES OF INTERPRETATION

53 SECTION 1 201. GENERAL DEFINITIONS.

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

57 (b) Subject to definitions contained in other articles of this chapter that apply to  
58 particular articles or parts thereof:

59 (1) “Action”, in the sense of a judicial proceeding, includes recoupment, counterclaim,  
60 set off, suit in equity, and any other proceeding in which rights are determined.

61 (2) “Aggrieved party” means a party entitled to pursue a remedy.

62 (3) “Agreement”, as distinguished from “contract”, means the bargain of the parties in  
63 fact, as found in their language or inferred from other circumstances, including course of  
64 performance, course of dealing, or usage of trade as provided in Section 1 303.

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

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

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

73 (7) “Branch” includes a separately incorporated foreign branch of a bank.

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

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

89 (10) “Conspicuous”, with reference to a term, means so written, displayed, or presented  
90 that a reasonable person against which it is to operate ought to have noticed it. Whether a term is  
91 “conspicuous” or not is a decision for the court. Conspicuous terms include the following:

92 (A) a heading in capitals equal to or greater in size than the surrounding text, or in  
93 contrasting type, font, or color to the surrounding text of the same or lesser size; and

94 (B) language in the body of a record or display in larger type than the surrounding text, or  
95 in contrasting type, font, or color to the surrounding text of the same size, or set off from  
96 surrounding text of the same size by symbols or other marks that call attention to the language.

97 (11) “Consumer” means an individual who enters into a transaction primarily for  
98 personal, family, or household purposes

99 (12) “Contract”, as distinguished from “agreement”, means the total legal obligation that  
100 results from the parties’ agreement as determined by this chapter as supplemented by any other  
101 applicable laws.

102 (13) “Creditor” includes a general creditor, a secured creditor, a lien creditor, and any  
103 representative of creditors, including an assignee for the benefit of creditors, a trustee in  
104 bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor’s or  
105 assignor’s estate.

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

108 (15) “Delivery”, with respect to an electronic document of title means voluntary transfer  
109 of control and with respect to an instrument, a tangible document of title, or chattel paper, means  
110 voluntary transfer of possession.

111 (16) “Document of title” means a record (i) that in the regular course of business or  
112 financing is treated as adequately evidencing that the person in possession or control of the

113 record is entitled to receive, control, hold, and dispose of the record and the goods the record  
114 covers and (ii) that purports to be issued by or addressed to a bailee and to cover goods in the  
115 bailee's possession which are either identified or are fungible portions of an identified mass. The  
116 term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt,  
117 and order for delivery of goods. An electronic document of title means a document of title  
118 evidenced by a record consisting of information stored in an electronic medium. A tangible  
119 document of title means a document of title evidenced by a record consisting of information that  
120 is inscribed on a tangible medium.

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

122 (18) "Fungible goods" means:

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

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

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

127 (20) "Good faith," except as otherwise provided in Article 5, means honesty in fact and  
128 the observance of reasonable commercial standards of fair dealing.

129 (21) "Holder" means:

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



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

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

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

137 (23) “Insolvent” means:

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

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

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

142 (24) “Money” means a medium of exchange currently authorized or adopted by a  
143 domestic or foreign government. The term includes a monetary unit of account established by an  
144 intergovernmental organization or by agreement between two or more countries.

145 (25) “Organization” means a person other than an individual.

146 (26) “Party”, as distinguished from “third party”, means a person that has engaged in a  
147 transaction or made an agreement subject to this chapter.

148 (27) “Person” means an individual, corporation, business trust, estate, trust, partnership,  
149 limited liability company, association, joint venture, government, governmental subdivision,  
150 agency, or instrumentality, public corporation, or any other legal or commercial entity.

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

156 (29) “Purchase” means taking by sale, lease, discount, negotiation, mortgage, pledge,  
157 lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest  
158 in property.

159 (30) “Purchaser” means a person that takes by purchase.

160 (31) “Record” means information that is inscribed on a tangible medium or that is stored  
161 in an electronic or other medium and is retrievable in perceivable form.

162 (32) “Remedy” means any remedial right to which an aggrieved party is entitled with or  
163 without resort to a tribunal.

164 (33) “Representative” means a person empowered to act for another, including an agent,  
165 an officer of a corporation or association, and a trustee, executor, or administrator of an estate.

166 (34) “Right” includes remedy.

167 (35) “Security interest” means an interest in personal property or fixtures which secures  
168 payment or performance of an obligation. “Security interest” includes any interest of a  
169 consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a  
170 transaction that is subject to Article 9. “Security interest” does not include the special property  
171 interest of a buyer of goods on identification of those goods to a contract for sale under Section 2

172 401, but a buyer may also acquire a “security interest” by complying with Article 9. Except as  
173 otherwise provided in Section 2 505, the right of a seller or lessor of goods under Article 2 or 2A  
174 to retain or acquire possession of the goods is not a “security interest”, but a seller or lessor may  
175 also acquire a “security interest” by complying with Article 9. The retention or reservation of  
176 title by a seller of goods notwithstanding shipment or delivery to the buyer under Section 2 401  
177 is limited in effect to a reservation of a “security interest.” Whether a transaction in the form of a  
178 lease creates a “security interest” is determined pursuant to Section 1 203.

179 (36) “Send” in connection with a writing, record, or notice means:

180 (A) to deposit in the mail or deliver for transmission by any other usual means of  
181 communication with postage or cost of transmission provided for and properly addressed and, in  
182 the case of an instrument, to an address specified thereon or otherwise agreed, or if there be none  
183 to any address reasonable under the circumstances; or

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

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

188 (38) “State” means a State of the United States, the District of Columbia, Puerto Rico,  
189 the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction  
190 of the United States.

191 (39) “Surety” includes a guarantor or other secondary obligor.

192 (40) “Term” means a portion of an agreement that relates to a particular matter.

193 (41) “Unauthorized signature” means a signature made without actual, implied, or  
194 apparent authority. The term includes a forgery.

195 (42) “Warehouse receipt” means a document of title issued by a person engaged in the  
196 business of storing goods for hire.

197 (43) “Writing” includes printing, typewriting, or any other intentional reduction to  
198 tangible form. “Written” has a corresponding meaning.

199 SECTION 1 202. NOTICE; KNOWLEDGE.

200 (a) Subject to subsection (f), a person has “notice” of a fact if the person:

201 (1) has actual knowledge of it;

202 (2) has received a notice or notification of it; or

203 (3) from all the facts and circumstances known to the person at the time in question, has  
204 reason to know that it exists.

205 (b) “Knowledge” means actual knowledge. “Knows” has a corresponding meaning.

206 (c) “Discover”, “learn”, or words of similar import refer to knowledge rather than to  
207 reason to know.

208 (d) A person “notifies” or “gives” a notice or notification to another person by taking  
209 such steps as may be reasonably required to inform the other person in ordinary course, whether  
210 or not the other person actually comes to know of it.

211 (e) Subject to subsection (f), a person “receives” a notice or notification when:

212 (1) it comes to that person's attention; or

213 (2) it is duly delivered in a form reasonable under the circumstances at the place of  
214 business through which the contract was made or at another location held out by that person as  
215 the place for receipt of such communications.

216 (f) Notice, knowledge, or a notice or notification received by an organization is effective  
217 for a particular transaction from the time it is brought to the attention of the individual  
218 conducting that transaction and, in any event, from the time it would have been brought to the  
219 individual's attention if the organization had exercised due diligence. An organization exercises  
220 due diligence if it maintains reasonable routines for communicating significant information to the  
221 person conducting the transaction and there is reasonable compliance with the routines. Due  
222 diligence does not require an individual acting for the organization to communicate information  
223 unless the communication is part of the individual's regular duties or the individual has reason to  
224 know of the transaction and that the transaction would be materially affected by the information.

225 SECTION 1 203. LEASE DISTINGUISHED FROM SECURITY INTEREST.

226 (a) Whether a transaction in the form of a lease creates a lease or security interest is  
227 determined by the facts of each case.

228 (b) A transaction in the form of a lease creates a security interest if the consideration that  
229 the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for  
230 the term of the lease and is not subject to termination by the lessee, and:

231 (1) the original term of the lease is equal to or greater than the remaining economic life of  
232 the goods;

233 (2) the lessee is bound to renew the lease for the remaining economic life of the goods or  
234 is bound to become the owner of the goods;

235 (3) the lessee has an option to renew the lease for the remaining economic life of the  
236 goods for no additional consideration or for nominal additional consideration upon compliance  
237 with the lease agreement; or

238 (4) the lessee has an option to become the owner of the goods for no additional  
239 consideration or for nominal additional consideration upon compliance with the lease agreement.

240 (c) A transaction in the form of a lease does not create a security interest merely because:

241 (1) the present value of the consideration the lessee is obligated to pay the lessor for the  
242 right to possession and use of the goods is substantially equal to or is greater than the fair market  
243 value of the goods at the time the lease is entered into;

244 (2) the lessee assumes risk of loss of the goods;

245 (3) the lessee agrees to pay, with respect to the goods, taxes, insurance, filing, recording,  
246 or registration fees, or service or maintenance costs;

247 (4) the lessee has an option to renew the lease or to become the owner of the goods;

248 (5) the lessee has an option to renew the lease for a fixed rent that is equal to or greater  
249 than the reasonably predictable fair market rent for the use of the goods for the term of the  
250 renewal at the time the option is to be performed; or

251 (6) the lessee has an option to become the owner of the goods for a fixed price that is  
252 equal to or greater than the reasonably predictable fair market value of the goods at the time the  
253 option is to be performed.

254 (d) Additional consideration is nominal if it is less than the lessee's reasonably  
255 predictable cost of performing under the lease agreement if the option is not exercised.

256 Additional consideration is not nominal if:

257 (1) when the option to renew the lease is granted to the lessee, the rent is stated to be the  
258 fair market rent for the use of the goods for the term of the renewal determined at the time the  
259 option is to be performed; or

260 (2) when the option to become the owner of the goods is granted to the lessee, the price is  
261 stated to be the fair market value of the goods determined at the time the option is to be  
262 performed.

263 (e) The "remaining economic life of the goods" and "reasonably predictable" fair market  
264 rent, fair market value, or cost of performing under the lease agreement must be determined with  
265 reference to the facts and circumstances at the time the transaction is entered into.

266 SECTION 1 204. VALUE. Except as otherwise provided in Articles 3, 4, and 5, a  
267 person gives value for rights if the person acquires them:

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

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

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

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

274 SECTION 1 205. REASONABLE TIME; SEASONABLENESS.

275 (a) Whether a time for taking an action required by this chapter is reasonable depends on  
276 the nature, purpose, and circumstances of the action.

277 (b) An action is taken seasonably if it is taken at or within the time agreed or, if no time  
278 is agreed, at or within a reasonable time.

279 SECTION 1-206. PRESUMPTIONS. Whenever this chapter creates a “presumption”  
280 with respect to a fact, or provides that a fact is “presumed,” the trier of fact must find the  
281 existence of the fact unless and until evidence is introduced that supports a finding of its  
282 nonexistence.

283 PART 3

284 TERRITORIAL APPLICABILITY AND GENERAL RULES

285 SECTION 1 301. TERRITORIAL APPLICABILITY; PARTIES’ POWER TO  
286 CHOOSE APPLICABLE LAW.

287 (a) Except as provided hereafter in this section, when a transaction bears a reasonable  
288 relation to this state and also to another state or nation the parties may agree that the law either of  
289 this state or of such other state or nation shall govern their rights and duties. Failing such  
290 agreement this Act applies to transactions bearing an appropriate relation to this state.



291 (b) To the extent that this chapter governs a transaction, if one of the following  
292 provisions of this chapter specifies the applicable law, that provision governs and a contrary  
293 agreement is effective only to the extent permitted by the law so specified:

294 (1) Section 2 402;

295 (2) Sections 2A 105 and 2A 106;

296 (3) Section 4 102;

297 (4) Section 4A 507;

298 (5) Section 5 116;

299 (6) Section 8 110;

300 (7) Sections 9 301 through 9 307.

301 SECTION 1 302. VARIATION BY AGREEMENT.

302 (a) Except as otherwise provided in subsection (b) or elsewhere in this chapter, the effect  
303 of provisions of this chapter may be varied by agreement.

304 (b) The obligations of good faith, diligence, reasonableness, and care prescribed by this  
305 chapter may not be disclaimed by agreement. The parties, by agreement, may determine the  
306 standards by which the performance of those obligations is to be measured if those standards are  
307 not manifestly unreasonable. Whenever this chapter requires an action to be taken within a  
308 reasonable time, a time that is not manifestly unreasonable may be fixed by agreement.

309 (c) The presence in certain provisions of this chapter of the phrase “unless otherwise  
310 agreed”, or words of similar import, does not imply that the effect of other provisions may not be  
311 varied by agreement under this section.

312 SECTION 1 303. COURSE OF PERFORMANCE, COURSE OF DEALING, AND  
313 USAGE OF TRADE.

314 (a) A “course of performance” is a sequence of conduct between the parties to a  
315 particular transaction that exists if:

316 (1) the agreement of the parties with respect to the transaction involves repeated  
317 occasions for performance by a party; and

318 (2) the other party, with knowledge of the nature of the performance and opportunity for  
319 objection to it, accepts the performance or acquiesces in it without objection.

320 (b) A “course of dealing” is a sequence of conduct concerning previous transactions  
321 between the parties to a particular transaction that is fairly to be regarded as establishing a  
322 common basis of understanding for interpreting their expressions and other conduct.

323 (c) A “usage of trade” is any practice or method of dealing having such regularity of  
324 observance in a place, vocation, or trade as to justify an expectation that it will be observed with  
325 respect to the transaction in question. The existence and scope of such a usage must be proved  
326 as facts. If it is established that such a usage is embodied in a trade code or similar record, the  
327 interpretation of the record is a question of law.

328 (d) A course of performance or course of dealing between the parties or usage of trade in  
329 the vocation or trade in which they are engaged or of which they are or should be aware is

330 relevant in ascertaining the meaning of the parties' agreement, may give particular meaning to  
331 specific terms of the agreement, and may supplement or qualify the terms of the agreement. A  
332 usage of trade applicable in the place in which part of the performance under the agreement is to  
333 occur may be so utilized as to that part of the performance.

334 (e) Except as otherwise provided in subsection (f), the express terms of an agreement and  
335 any applicable course of performance, course of dealing, or usage of trade must be construed  
336 whenever reasonable as consistent with each other. If such a construction is unreasonable:

337 (1) express terms prevail over course of performance, course of dealing, and usage of  
338 trade;

339 (2) course of performance prevails over course of dealing and usage of trade; and

340 (3) course of dealing prevails over usage of trade.

341 (f) Subject to Section 2 209, a course of performance is relevant to show a waiver or  
342 modification of any term inconsistent with the course of performance.

343 (g) Evidence of a relevant usage of trade offered by one party is not admissible unless  
344 that party has given the other party notice that the court finds sufficient to prevent unfair surprise  
345 to the other party.

346 SECTION 1 304. OBLIGATION OF GOOD FAITH. Every contract or duty within this  
347 chapter imposes an obligation of good faith in its performance and enforcement.

348 SECTION 1 305. REMEDIES TO BE LIBERALLY ADMINISTERED.

349 (a) The remedies provided by this chapter must be liberally administered to the end that  
350 the aggrieved party may be put in as good a position as if the other party had fully performed but  
351 neither consequential or special damages nor penal damages may be had except as specifically  
352 provided in this chapter or by other rule of law.

353 (b) Any right or obligation declared by this chapter is enforceable by action unless the  
354 provision declaring it specifies a different and limited effect.

355 SECTION 1 306. WAIVER OR RENUNCIATION OF CLAIM OR RIGHT AFTER  
356 BREACH. A claim or right arising out of an alleged breach may be discharged in whole or in  
357 part without consideration by agreement of the aggrieved party in an authenticated record. For  
358 purposes of this section, a party may “authenticate” a record by (i) signing a record that is a  
359 writing or (ii) attaching to or logically associating with a record that is not a writing an electronic  
360 sound, symbol or process with the present intent to adopt or accept the record. See Sections 1-  
361 201(b)(37) and 9-102(a)(7).

362 SECTION 1 307. PRIMA FACIE EVIDENCE BY THIRD-PARTY DOCUMENTS. A  
363 document in due form purporting to be a bill of lading, policy or certificate of insurance, official  
364 weigher’s or inspector’s certificate, consular invoice, or any other document authorized or  
365 required by the contract to be issued by a third party is prima facie evidence of its own  
366 authenticity and genuineness and of the facts stated in the document by the third party.

367 SECTION 1 308. PERFORMANCE OR ACCEPTANCE UNDER RESERVATION OF  
368 RIGHTS.

369 (a) A party that with explicit reservation of rights performs or promises performance or  
370 assents to performance in a manner demanded or offered by the other party does not thereby

371 prejudice the rights reserved. Such words as “without prejudice,” “under protest,” or the like are  
372 sufficient.

373 (b) Subsection (a) does not apply to an accord and satisfaction.

374 SECTION 1 309. OPTION TO ACCELERATE AT WILL. A term providing that one  
375 party or that party’s successor in interest may accelerate payment or performance or require  
376 collateral or additional collateral “at will” or when the party “deems itself insecure,” or words of  
377 similar import, means that the party has power to do so only if that party in good faith believes  
378 that the prospect of payment or performance is impaired. The burden of establishing lack of  
379 good faith is on the party against which the power has been exercised.

380 SECTION 1 310. SUBORDINATED OBLIGATIONS. An obligation may be issued as  
381 subordinated to performance of another obligation of the person obligated, or a creditor may  
382 subordinate its right to performance of an obligation by agreement with either the person  
383 obligated or another creditor of the person obligated. Subordination does not create a security  
384 interest as against either the common debtor or a subordinated creditor.

385 SECTION 3. Subsection 2-103(1)(b) of said chapter 106 is hereby amended by striking  
386 out the words ““Good faith” in the case of a merchant means honesty in fact and the observance  
387 of reasonable commercial standards of fair dealing in the trade.” and by substituting in place  
388 thereof the following word:-- “[Reserved]”.

389 SECTION 4. Subsection 2-103(3) of said chapter 106 is hereby amended by inserting,  
390 after the words “‘Consumer Goods’. Section 9-102”, the words “‘Control’. Section 7-106.”

391 SECTION 5. Subsection 2-104(2) of said chapter 106 is hereby amended by inserting in  
392 the first sentence of said Subsection, after the words “whether or not documents of title  
393 accompany”, the words “or are associated with”.

394 SECTION 6. Section 202 of said chapter 106 is hereby amended by striking out  
395 Subsection 2-202(a) and by substituting in place thereof the following Subsection 2-202(a):--

396 (a) by course of performance, course of dealing, or usage of trade (Section 1-303); and

397 SECTION 7. Section 2-208 of said chapter 106 is hereby repealed.

398 SECTION 8. Subsection 2-210(2) of said chapter 106 is hereby amended by striking out  
399 “9-405” and by substituting “9-406.”

400 SECTION 9. Section 2-310 of said chapter 106 is hereby amended by striking out  
401 Subsection 2-310(c) and substituting in place thereof the following Subsection 2-310(c):--

402 (c) if delivery is authorized and made by way of documents of title otherwise than by  
403 subsection (b) then payment is due regardless of where the goods are to be received (i) at the  
404 time and place at which the buyer is to receive delivery of the tangible documents or (ii) at the  
405 time the buyer is to receive delivery of the electronic documents and at the seller’s place of  
406 business or if none, the seller’s residence; and

407 SECTION 10. Subsection 2-323(2) of said chapter 106 is hereby amended by inserting  
408 in the first sentence of said Subsection after the words “in a case within subsection (1) a”, the  
409 word “tangible”.

410 SECTION 11. Section 2-401 of said chapter 106 is hereby amended by striking out  
411 Subsection 2-401(3) and substituting in place thereof the following Subsection 2-401(3):--

412 (3) Unless otherwise explicitly agreed where delivery is to be made without moving the  
413 goods,

414 (a) if the seller is to deliver a tangible document of title, title passes at the time when and  
415 the place where he delivers such documents and if the seller is to deliver an electronic document  
416 of title, title passes when the seller delivers the document; or

417 (b) if the goods are at the time of contracting already identified and no documents of title  
418 are to be delivered, title passes at the time and place of contracting.

419 SECTION 12. Subsection 2-503(4)(b) of said chapter 106 is hereby amended by striking  
420 out the words “written direction to” and by substituting in place thereof the words “record  
421 directing”.

422 SECTION 13. Subsection 2-503(4)(b) of said chapter 106 is hereby further amended by  
423 inserting, after the words “buyer seasonably objects, and”, the words “except as otherwise  
424 provided in Article 9”.

425 SECTION 14. Subsection 2-503(5)(b) of said chapter 106 is hereby amended by  
426 inserting, after the words “dishonor of a draft accompanying”, the words “or associated with”.

427 SECTION 15. Subsection 2-505(1)(b) of said chapter 106 is hereby amended by  
428 inserting, after the words “even though the seller retains possession”, the words “or control”.

429 SECTION 16. Subsection 2-505(2) of said chapter 106 is hereby amended by inserting,  
430 at the end of said Subsection after the words “negotiable document”, the words “of title”.

431 SECTION 17. Section 2-506 of said chapter 106 is hereby amended by inserting, at the  
432 end of said Section after the words “which was apparently regular”, the words “on its face”.

433 SECTION 18. Subsection 2-509(2)(a) of said chapter 106 is hereby amended by  
434 inserting ,after the words “on his receipt of”, the words “possession or control of”.

435 SECTION 19. Subsection 2-509(2)(c) of said chapter 106 is hereby amended by  
436 inserting, after the words “on his receipt of”, the words “possession or control of”.

437 SECTION 20. Subsection 2-509(2)(c) of said chapter 106 is hereby amended further by  
438 striking the words “written direction to deliver” and by substituting in place thereof the words  
439 “direction to deliver in a record”.

440 SECTION 21. Subsection 2-605(2) of said chapter 106 is hereby amended by striking  
441 the words “on the face of” and by substituting in place thereof the word “in”.

442 SECTION 22. Subsection 2-705(2)(c) of said chapter 106 is hereby amended by striking  
443 the word “ warehouseman” and by substituting in place thereof the words “a warehouse”.

444 SECTION 23. Subsection 2-705(3)(c) of said chapter 106 is hereby amended by  
445 inserting, after the words “stop until surrender”, the words “of possession or control”.

446 SECTION 24. Subsection 2A-103(1)(a) of said chapter 106 is hereby amended by  
447 striking in the last sentence the word “receiving” and by substituting in place thereof the word  
448 “acquiring”.

449 SECTION 25. Subsection 2A-103(1)(o) of said chapter 106 is hereby amended by  
450 striking in the last sentence the word “receiving” and by substituting in place thereof the word  
451 “acquiring”.

452 SECTION 26. Subsection 2A-103(3) of said chapter 106 is hereby amended by striking  
453 out the words ““Good faith”. Section 2-103(1)(b).”



454 SECTION 27. Section 2A-207 of said chapter 106 is hereby repealed.

455 SECTION 28. Subsection 2A-303(2) of said chapter 106 is hereby amended by striking  
456 out “9-406” and by substituting in place thereof “9-407.”

457 SECTION 29. Subsection 2A-303(4) of said chapter 106 is hereby amended by striking  
458 out “9-406” and by substituting in place thereof “9-407.”

459 SECTION 30. Subsection 2A-501(4) of said chapter 106 is hereby amended by striking  
460 out “1-106(1)” and by substituting in place thereof “1-305(a)”.

461 SECTION 31. Subsection 2A-514(2) of said chapter 106 is hereby amended by striking  
462 the words “on the face of” and by substituting in place thereof the word “in”.

463 SECTION 32. Subsection 2A-518(2) of said chapter 106 is hereby amended by striking  
464 out “1-102(3)” and by inserting in place thereof “1-302”.

465 SECTION 33. Subsection 2A-519(1) of said chapter 106 is hereby amended by striking  
466 out “1-102(3)” and by inserting in place thereof “1-302”.

467 SECTION 34. Subsection 2A-526(2)(c) of said chapter 106 is hereby amended by  
468 striking out the word “warehouseman” and by substituting in place thereof the words “a  
469 warehouse”.

470 SECTION 35. Subsection 2A-527(2) of said chapter 106 is hereby amended by striking  
471 out “1-102(3)” and by inserting in place thereof “1-302”.

472 SECTION 36. Subsection 2A-528(1) of said chapter 106 is hereby amended by striking  
473 out “1-102(3)” and by inserting in place thereof “1-302”.

474 SECTION 37. The definition of “Prove” in Subsection 3-103(a) of said chapter 106 is  
475 hereby amended by striking out “1-201(8)” and by inserting in place thereof “1-201(b)(8)”.

476 SECTION 38. Section 4-104 of said chapter 106 is hereby amended by inserting, after  
477 the words “‘Check’. Section 3-104”, the words “‘Control’. Section 7-106.”

478 SECTION 39. Subsection 4-210(c) of said chapter 106 is hereby amended by inserting,  
479 after the words “give up possession of the item or”, the words “possession or control of the”.

480 SECTION 40. The definition of “Prove” in said Section 4A-105(a) is hereby amended  
481 by striking out “1-201(8)” and by substituting in place thereof “1-201(b)(8)”.

482 SECTION 41. Subsection 4A-106(a) of said chapter 106 is hereby amended by striking  
483 out “1-201(27)” and by substituting in place thereof “1-202”.

484 SECTION 42. Subsection 4A-204(b) of said chapter 106 is hereby amended by striking  
485 out “1-204(1)” and by substituting in place thereof “1-302(b)”.

486 SECTION 43. Subsection 5-103(c) of said chapter 106 is hereby amended by striking  
487 out “1-203(3)” and by substituting in place thereof “1-302”.

488 SECTION 44. Chapter 106 of the General Laws is hereby further amended by striking  
489 out article 7, as so appearing, and by substituting in place thereof the following article 7:--

490 ARTICLE 7—DOCUMENTS OF TITLE

491 PART 1 GENERAL

492 SECTION 7-101. SHORT TITLE. This article may be cited as Uniform Commercial  
493 Code-Documents of Title.

494 SECTION 7-102. DEFINITIONS AND INDEX OF DEFINITIONS.

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

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

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

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

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

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

506 (6) [Reserved]

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

509 (8) "Issuer" means a bailee that issues a document of title or, in the case of an  
510 unaccepted delivery order, the person that orders the possessor of goods to deliver. The term  
511 includes a person for which an agent or employee purports to act in issuing a document if the  
512 agent or employee has real or apparent authority to issue documents, even if the issuer did not

513 receive any goods, the goods were misdescribed, or in any other respect the agent or employee  
514 violated the issuer's instructions.

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

518 (10) [Reserved]

519 (11) "Sign" means, with present intent to authenticate or adopt a record:

520 (A) to execute or adopt a tangible symbol; or

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

523 For purposes of this subsection, a person may "authenticate" a record by (i) signing a  
524 record that is a writing or (ii) attaching to or logically associating with a record that is not a  
525 writing an electronic sound, symbol or process with the present intent to adopt or accept the  
526 record. See Sections 1-201(b)(37) and 9-102(a)(7).

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

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

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

533 (1) “Contract for sale”. Section 2-106.

534 (2) “Lessee in the ordinary course of business”. Section 2A-103.

535 (3) “Receipt” of goods. Section 2-103.

536 (c) In addition, Article 1 contains general definitions and principles of  
537 construction and interpretation applicable throughout this article.

538 SECTION 7-103. RELATION OF ARTICLE TO TREATY OR STATUTE.

539 (a) This article is subject to any treaty or statute of the United States or regulatory statute  
540 of this state to the extent the treaty, statute, or regulatory statute is applicable.

541 (b) This article does not modify or repeal any law prescribing the form or content of a  
542 document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a  
543 bailee’s business in respects not specifically treated in this article. However, violation of such a  
544 law does not affect the status of a document of title that otherwise is within the definition of a  
545 document of title.

546 (c) This article modifies, limits, and supersedes the federal Electronic Signatures in  
547 Global and National Commerce Act (15 U.S.C. Section 7001, et. seq.) but does not modify,  
548 limit, or supersede Section 101(c) of that act (15 U.S.C. Section 7001(c)) or authorize electronic  
549 delivery of any of the notices described in Section 103(b) of that act (15 U.S.C. Section 7003(b)).

550 (d) To the extent there is a conflict between the Uniform Electronic Transactions Act  
551 (chapter 110G, sections 1 through 18) and this article, this article governs.

552 SECTION 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF TITLE.

553 (a) Except as otherwise provided in subsection (c), a document of title is negotiable if by  
554 its terms the goods are to be delivered to bearer or to the order of a named person.

555 (b) A document of title other than one described in subsection (a) is nonnegotiable. A  
556 bill of lading that states that the goods are consigned to a named person is not made negotiable  
557 by a provision that the goods are to be delivered only against an order in a record signed by the  
558 same or another named person.

559 (c) A document of title is nonnegotiable if, at the time it is issued, the document has a  
560 conspicuous legend, however expressed, that it is nonnegotiable.

561 SECTION 7-105. REISSUANCE IN ALTERNATIVE MEDIUM.

562 (a) Upon request of a person entitled under an electronic document of title, the issuer of  
563 the electronic document may issue a tangible document of title as a substitute for the electronic  
564 document if:

565 (1) the person entitled under the electronic document surrenders control of the  
566 document to the issuer; and

567 (2) the tangible document when issued contains a statement that it is issued in  
568 substitution for the electronic document.

569 (b) Upon issuance of a tangible document of title in substitution for an electronic  
570 document of title in accordance with subsection (a):

571 (1) the electronic document ceases to have any effect or validity; and

572 (2) the person that procured issuance of the tangible document warrants to all  
573 subsequent persons entitled under the tangible document that the warrantor was a person entitled  
574 under the electronic document when the warrantor surrendered control of the electronic  
575 document to the issuer.

576 (c) Upon request of a person entitled under a tangible document of title, the issuer of the  
577 tangible document may issue an electronic document of title as a substitute for the tangible  
578 document if:

579 (1) the person entitled under the tangible document surrenders possession of the  
580 document to the issuer; and

581 (2) the electronic document when issued contains a statement that it is issued in  
582 substitution for the tangible document.

583 (d) Upon issuance of an electronic document of title in substitution for a tangible  
584 document of title in accordance with subsection (c):

585 (1) the tangible document ceases to have any effect or validity; and

586 (2) the person that procured issuance of the electronic document warrants to all  
587 subsequent persons entitled under the electronic document that the warrantor was a person  
588 entitled under the tangible document when the warrantor surrendered possession of the tangible  
589 document to the issuer.

590 SECTION 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE.

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

594 (b) A system satisfies subsection (a), and a person is deemed to have control of an  
595 electronic document of title, if the document is created, stored, and assigned in such a manner  
596 that:

597 (1) a single authoritative copy of the document exists which is unique,  
598 identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

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

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

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

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

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

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

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



611 PART 2 WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

612 SECTION 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;  
613 STORAGE UNDER BOND.

614 (a) A warehouse receipt may be issued by any warehouse.

615 (b) If goods, including distilled spirits and agricultural commodities, are stored under a  
616 statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature  
617 of warehouse receipts, a receipt issued for the goods is deemed to be a warehouse receipt even if  
618 issued by a person that is the owner of the goods and is not a warehouse.

619 SECTION 7-202. FORM OF WAREHOUSE RECEIPT; EFFECT OF OMISSION.

620 (a) A warehouse receipt need not be in any particular form.

621 (b) Unless a warehouse receipt provides for each of the following, the warehouse is liable  
622 for damages caused to a person injured by its omission:

623 (1) a statement of the location of the warehouse facility where the goods are  
624 stored;

625 (2) the date of issue of the receipt;

626 (3) the unique identification code of the receipt;

627 (4) a statement whether the goods received will be delivered to the bearer, to a  
628 named person, or to a named person or its order;

629 (5) the rate of storage and handling charges, unless goods are stored under a field  
630 warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable  
631 receipt;

632 (6) a description of the goods or the packages containing them;

633 (7) the signature of the warehouse or its agent;

634 (8) if the receipt is issued for goods that the warehouse owns, either solely,  
635 jointly, or in common with others, a statement of the fact of that ownership; and

636 (9) a statement of the amount of advances made and of liabilities incurred for  
637 which the warehouse claims a lien or security interest, unless the precise amount of advances  
638 made or liabilities incurred, at the time of the issue of the receipt, is unknown to the warehouse  
639 or to its agent that issued the receipt, in which case a statement of the fact that advances have  
640 been made or liabilities incurred and the purpose of the advances or liabilities is sufficient.

641 (c) A warehouse may insert in its receipt any terms that are not contrary to this chapter  
642 and do not impair its obligation of delivery under Section 7-403 or its duty of care under Section  
643 7-204. Any contrary provision is ineffective.

644 SECTION 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION. A party  
645 to or purchaser for value in good faith of a document of title, other than a bill of lading, that  
646 relies upon the description of the goods in the document may recover from the issuer damages  
647 caused by the nonreceipt or misdescription of the goods, except to the extent that:

648 (1) the document conspicuously indicates that the issuer does not know whether all or  
649 part of the goods in fact were received or conform to the description, such as a case in which the

650 description is in terms of marks or labels or kind, quantity, or condition, or the receipt or  
651 description is qualified by "contents, condition, and quality unknown", "said to contain", or  
652 words of similar import, if the indication is true; or

653 (2) the party or purchaser otherwise has notice of the nonreceipt or misdescription.

654 SECTION 7-204. DUTY OF CARE; CONTRACTUAL LIMITATION OF  
655 WAREHOUSE'S LIABILITY.

656 (a) A warehouse is liable for damages for loss of or injury to the goods caused by its  
657 failure to exercise care with regard to the goods that a reasonably careful person would exercise  
658 under similar circumstances. Unless otherwise agreed, the warehouse is not liable for damages  
659 that could not have been avoided by the exercise of that care.

660 (b) Damages may be limited by a term in the warehouse receipt or storage agreement  
661 limiting the amount of liability in case of loss or damage beyond which the warehouse is not  
662 liable. Such a limitation is not effective with respect to the warehouse's liability for conversion  
663 to its own use. On request of the bailor in a record at the time of signing the storage agreement  
664 or within a reasonable time after receipt of the warehouse receipt, the warehouse's liability may  
665 be increased on part or all of the goods covered by the storage agreement or the warehouse  
666 receipt. In this event, increased rates may be charged based on an increased valuation of the  
667 goods.

668 (c) Reasonable provisions as to the time and manner of presenting claims and  
669 commencing actions based on the bailment may be included in the warehouse receipt or storage  
670 agreement.

671 SECTION 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN  
672 CERTAIN CASES. A buyer in ordinary course of business of fungible goods sold and delivered  
673 by a warehouse that is also in the business of buying and selling such goods takes the goods free  
674 of any claim under a warehouse receipt even if the receipt is negotiable and has been duly  
675 negotiated.

676 SECTION 7-206. TERMINATION OF STORAGE AT WAREHOUSE'S OPTION.

677 (a) A warehouse, by giving notice to the person on whose account the goods are held and  
678 any other person known to claim an interest in the goods, may require payment of any charges  
679 and removal of the goods from the warehouse at the termination of the period of storage fixed by  
680 the document of title or, if a period is not fixed, within a stated period not less than 30 days after  
681 the warehouse gives notice. If the goods are not removed before the date specified in the notice,  
682 the warehouse may sell them pursuant to Section 7-210.

683 (b) If a warehouse in good faith believes that goods are about to deteriorate or decline in  
684 value to less than the amount of its lien within the time provided in subsection (a) and Section 7-  
685 210, the warehouse may specify in the notice given under subsection (a) any reasonable shorter  
686 time for removal of the goods and, if the goods are not removed, may sell them at public sale  
687 held not less than one week after a single advertisement or posting.

688 (c) If, as a result of a quality or condition of the goods of which the warehouse did not  
689 have notice at the time of deposit, the goods are a hazard to other property, the warehouse  
690 facilities, or other persons, the warehouse may sell the goods at public or private sale without  
691 advertisement or posting on reasonable notification to all persons known to claim an interest in

692 the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose  
693 of them in any lawful manner and does not incur liability by reason of that disposition.

694 (d) A warehouse shall deliver the goods to any person entitled to them under this article  
695 upon due demand made at any time before sale or other disposition under this section.

696 (e) A warehouse may satisfy its lien from the proceeds of any sale or disposition under  
697 this section but shall hold the balance for delivery on the demand of any person to which the  
698 warehouse would have been bound to deliver the goods.

699 SECTION 7-207. GOODS MUST BE KEPT SEPARATE; FUNGIBLE GOODS.

700 (a) Unless the warehouse receipt provides otherwise, a warehouse shall keep separate the  
701 goods covered by each receipt so as to permit at all times identification and delivery of those  
702 goods. However, different lots of fungible goods may be commingled.

703 (b) If different lots of fungible goods are commingled, the goods are owned in common  
704 by the persons entitled thereto and the warehouse is severally liable to each owner for that  
705 owner's share. If, because of overissue, a mass of fungible goods is insufficient to meet all the  
706 receipts the warehouse has issued against it, the persons entitled include all holders to which  
707 overissued receipts have been duly negotiated.

708 SECTION 7-208. ALTERED WAREHOUSE RECEIPTS. If a blank in a negotiable  
709 tangible warehouse receipt has been filled in without authority, a good-faith purchaser for value  
710 and without notice of the lack of authority may treat the insertion as authorized. Any other  
711 unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against  
712 the issuer according to its original tenor.

713 SECTION 7-209. LIEN OF WAREHOUSE.

714 (a) A warehouse has a lien against the bailor on the goods covered by a warehouse receipt  
715 or storage agreement or on the proceeds thereof in its possession for charges for storage or  
716 transportation, including demurrage and terminal charges, insurance, labor, or other charges,  
717 present or future, in relation to the goods, and for expenses necessary for preservation of the  
718 goods or reasonably incurred in their sale pursuant to law. If the person on whose account the  
719 goods are held is liable for similar charges or expenses in relation to other goods whenever  
720 deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for  
721 charges and expenses in relation to other goods, the warehouse also has a lien against the goods  
722 covered by the warehouse receipt or storage agreement or on the proceeds thereof in its  
723 possession for those charges and expenses, whether or not the other goods have been delivered  
724 by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly  
725 negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the  
726 warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the  
727 specific goods covered by the receipt subsequent to the date of the receipt.

728 (b) A warehouse may also reserve a security interest against the bailor for the maximum  
729 amount specified on the receipt for charges other than those specified in subsection (a), such as  
730 for money advanced and interest. The security interest is governed by Article 9.

731 (c) A warehouse's lien for charges and expenses under subsection (a) or a security  
732 interest under subsection (b) is also effective against any person that so entrusted the bailor with  
733 possession of the goods that a pledge of them by the bailor to a good-faith purchaser for value  
734 would have been valid. However, the lien or security interest is not effective against a person

735 that before issuance of a document of title had a legal interest or a perfected security interest in  
736 the goods and that did not:

737 (1) deliver or entrust the goods or any document of title covering the goods to the  
738 bailor or the bailor's nominee with:

739 (A) actual or apparent authority to ship, store, or sell;

740 (B) power to obtain delivery under Section 7-403; or

741 (C) power of disposition under Sections 2-403, 2A-304(2), 2A-305(2), 9-  
742 320, or 9-321(c) or other statute or rule of law; or

743 (2) acquiesce in the procurement by the bailor or its nominee of any document.

744 (d) A warehouse's lien on household goods for charges and expenses in relation to the  
745 goods under subsection (a) is also effective against all persons if the depositor was the legal  
746 possessor of the goods at the time of deposit. In this subsection, "household goods" means  
747 furniture, furnishings, or personal effects used by the depositor in a dwelling.

748 (e) A warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably  
749 refuses to deliver.

#### 750 SECTION 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN.

751 (a) Except as otherwise provided in subsection (b), a warehouse's lien may be enforced  
752 by public or private sale of the goods, in bulk or in packages, at any time or place and on any  
753 terms that are commercially reasonable, after notifying all persons known to claim an interest in  
754 the goods. The notification must include a statement of the amount due, the nature of the

755 proposed sale, and the time and place of any public sale. The fact that a better price could have  
756 been obtained by a sale at a different time or in a method different from that selected by the  
757 warehouse is not of itself sufficient to establish that the sale was not made in a commercially  
758 reasonable manner. The warehouse sells in a commercially reasonable manner if the warehouse  
759 sells the goods in the usual manner in any recognized market therefore, sells at the price current  
760 in that market at the time of the sale, or otherwise sells in conformity with commercially  
761 reasonable practices among dealers in the type of goods sold. A sale of more goods than  
762 apparently necessary to be offered to ensure satisfaction of the obligation is not commercially  
763 reasonable, except in cases covered by the preceding sentence.

764 (b) A warehouse may enforce its lien on goods, other than goods stored by a merchant in  
765 the course of its business, only if the following requirements are satisfied:

766 (1) All persons known to claim an interest in the goods must be notified.

767 (2) The notification must include an itemized statement of the claim, a description  
768 of the goods subject to the lien, a demand for payment within a specified time not less than 10  
769 days after receipt of the notification, and a conspicuous statement that unless the claim is paid  
770 within that time the goods will be advertised for sale and sold by auction at a specified time and  
771 place.

772 (3) The sale must conform to the terms of the notification.

773 (4) The sale must be held at the nearest suitable place to where the goods are held  
774 or stored.



775                   (5) After the expiration of the time given in the notification, an advertisement of  
776 the sale must be published once a week for two weeks consecutively in a newspaper of general  
777 circulation where the sale is to be held. The advertisement must include a description of the  
778 goods, the name of the person on whose account the goods are being held, and the time and place  
779 of the sale. The sale must take place at least 15 days after the first publication. If there is no  
780 newspaper of general circulation where the sale is to be held, the advertisement must be posted at  
781 least 10 days before the sale in not fewer than six conspicuous places in the neighborhood of the  
782 proposed sale.

783                   (c) Before any sale pursuant to this section, any person claiming a right in the goods may  
784 pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying  
785 with this section. In that event, the goods may not be sold but must be retained by the warehouse  
786 subject to the terms of the receipt and this article.

787                   (d) A warehouse may buy at any public sale held pursuant to this section.

788                   (e) A purchaser in good faith of goods sold to enforce a warehouse's lien takes the goods  
789 free of any rights of persons against which the lien was valid, despite the warehouse's  
790 noncompliance with this section.

791                   (f) A warehouse may satisfy its lien from the proceeds of any sale pursuant to this section  
792 but shall hold the balance, if any, for delivery on demand to any person to which the warehouse  
793 would have been bound to deliver the goods.

794                   (g) The rights provided by this section are in addition to all other rights allowed by law to  
795 a creditor against a debtor.

796 (h) If a lien is on goods stored by a merchant in the course of its business, the lien may be  
797 enforced in accordance with subsection (a) or (b).

798 (i) A warehouse is liable for damages caused by failure to comply with the requirements  
799 for sale under this section and, in case of willful violation, is liable for conversion.

800 PART 3 BILLS OF LADING: SPECIAL PROVISIONS

801 SECTION 7-301. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION; "SAID  
802 TO CONTAIN"; "SHIPPER'S WEIGHT, LOAD, AND COUNT"; IMPROPER HANDLING.

803 (a) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a  
804 holder to which a negotiable bill has been duly negotiated, relying upon the description of the  
805 goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused  
806 by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent  
807 that the bill indicates that the issuer does not know whether any part or all of the goods in fact  
808 were received or conform to the description, such as in a case in which the description is in terms  
809 of marks or labels or kind, quantity, or condition or the receipt or description is qualified by  
810 "contents or condition of contents of packages unknown", "said to contain", "shipper's weight,  
811 load, and count," or words of similar import, if that indication is true.

812 (b) If goods are loaded by the issuer of a bill of lading;

813 (1) the issuer shall count the packages of goods if shipped in packages and  
814 ascertain the kind and quantity if shipped in bulk; and

815 (2) words such as "shipper's weight, load, and count," or words of similar import  
816 indicating that the description was made by the shipper are ineffective except as to goods  
817 concealed in packages.

818 (c) If bulk goods are loaded by a shipper that makes available to the issuer of a bill of  
819 lading adequate facilities for weighing those goods, the issuer shall ascertain the kind and  
820 quantity within a reasonable time after receiving the shipper's request in a record to do so. In  
821 that case, "shipper's weight" or words of similar import are ineffective.

822 (d) The issuer of a bill of lading, by including in the bill the words "shipper's weight,  
823 load, and count," or words of similar import, may indicate that the goods were loaded by the  
824 shipper, and, if that statement is true, the issuer is not liable for damages caused by the improper  
825 loading. However, omission of such words does not imply liability for damages caused by  
826 improper loading.

827 (e) A shipper guarantees to an issuer the accuracy at the time of shipment of the  
828 description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the  
829 shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in  
830 those particulars. This right of indemnity does not limit the issuer's responsibility or liability  
831 under the contract of carriage to any person other than the shipper.

832 SECTION 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS OF  
833 TITLE.

834 (a) The issuer of a through bill of lading, or other document of title embodying an  
835 undertaking to be performed in part by a person acting as its agent or by a performing carrier, is  
836 liable to any person entitled to recover on the bill or other document for any breach by the other

837 person or the performing carrier of its obligation under the bill or other document. However, to  
838 the extent that the bill or other document covers an undertaking to be performed overseas or in  
839 territory not contiguous to the continental United States or an undertaking including matters  
840 other than transportation, this liability for breach by the other person or the performing carrier  
841 may be varied by agreement of the parties.

842 (b) If goods covered by a through bill of lading or other document of title embodying an  
843 undertaking to be performed in part by a person other than the issuer are received by that person,  
844 the person is subject, with respect to its own performance while the goods are in its possession,  
845 to the obligation of the issuer. The person's obligation is discharged by delivery of the goods to  
846 another person pursuant to the bill or other document and does not include liability for breach by  
847 any other person or by the issuer.

848 (c) The issuer of a through bill of lading or other document of title described in  
849 subsection (a) is entitled to recover from the performing carrier, or other person in possession of  
850 the goods when the breach of the obligation under the bill or other document occurred:

851 (1) the amount it may be required to pay to any person entitled to recover on the  
852 bill or other document for the breach, as may be evidenced by any receipt, judgment, or  
853 transcript of judgment; and

854 (2) the amount of any expense reasonably incurred by the issuer in defending any  
855 action commenced by any person entitled to recover on the bill or other document for the breach.

856 SECTION 7-303. DIVERSION; RECONSIGNMENT; CHANGE OF  
857 INSTRUCTIONS.

858 (a) Unless the bill of lading otherwise provides, a carrier may deliver the goods to a  
859 person or destination other than that stated in the bill or may otherwise dispose of the goods,  
860 without liability for misdelivery, on instructions from:

861 (1) the holder of a negotiable bill;

862 (2) the consignor on a nonnegotiable bill, even if the consignee has given contrary  
863 instructions;

864 (3) the consignee on a nonnegotiable bill in the absence of contrary instructions  
865 from the consignor, if the goods have arrived at the billed destination or if the consignee is in  
866 possession of the tangible bill or in control of the electronic bill; or

867 (4) the consignee on a nonnegotiable bill, if the consignee is entitled as against the  
868 consignor to dispose of the goods.

869 (b) Unless instructions described in subsection (a) are included in a negotiable bill of  
870 lading, a person to which the bill is duly negotiated may hold the bailee according to the original  
871 terms.

#### 872 SECTION 7-304. TANGIBLE BILLS OF LADING IN A SET.

873 (a) Except as customary in international transportation, a tangible bill of lading may not  
874 be issued in a set of parts. The issuer is liable for damages caused by violation of this  
875 subsection.

876 (b) If a tangible bill of lading is lawfully issued in a set of parts, each of which contains  
877 an identification code and is expressed to be valid only if the goods have not been delivered  
878 against any other part, the whole of the parts constitutes one bill.

879 (c) If a tangible negotiable bill of lading is lawfully issued in a set of parts and different  
880 parts are negotiated to different persons, the title of the holder to which the first due negotiation  
881 is made prevails as to both the document of title and the goods even if any later holder may have  
882 received the goods from the carrier in good faith and discharged the carrier's obligation by  
883 surrendering its part.

884 (d) A person that negotiates or transfers a single part of a tangible bill of lading issued in  
885 a set is liable to holders of that part as if it were the whole set.

886 (e) The bailee shall deliver in accordance with Part 4 against the first presented part of a  
887 tangible bill of lading lawfully issued in a set. Delivery in this manner discharges the bailee's  
888 obligation on the whole bill.

889 SECTION 7-305. DESTINATION BILLS.

890 (a) Instead of issuing a bill of lading to the consignor at the place of shipment, a carrier,  
891 at the request of the consignor, may procure the bill to be issued at destination or at any other  
892 place designated in the request.

893 (b) Upon request of any person entitled as against a carrier to control the goods while in  
894 transit and on surrender of possession or control of any outstanding bill of lading or other receipt  
895 covering the goods, the issuer, subject to Section 7-105, may procure a substitute bill to be issued  
896 at any place designated in the request.

897 SECTION 7-306. ALTERED BILLS OF LADING. An unauthorized alteration or filling  
898 in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.

899 SECTION 7-307. LIEN OF CARRIER.

900 (a) A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof  
901 in its possession for charges after the date of the carrier's receipt of the goods for storage or  
902 transportation, including demurrage and terminal charges, and for expenses necessary for  
903 preservation of the goods incident to their transportation or reasonably incurred in their sale  
904 pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's  
905 lien is limited to charges stated in the bill or the applicable tariffs or, if no charges are stated, a  
906 reasonable charge.

907 (b) A lien for charges and expenses under subsection (a) on goods that the carrier was  
908 required by law to receive for transportation is effective against the consignor or any person  
909 entitled to the goods unless the carrier had notice that the consignor lacked authority to subject  
910 the goods to those charges and expenses. Any other lien under subsection (a) is effective against  
911 the consignor and any person that permitted the bailor to have control or possession of the goods  
912 unless the carrier had notice that the bailor lacked authority.

913 (c) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses  
914 to deliver.

915

#### 916 SECTION 7-308. ENFORCEMENT OF CARRIER'S LIEN.

917 (a) A carrier's lien on goods may be enforced by public or private sale of the goods, in  
918 bulk or in packages, at any time or place and on any terms that are commercially reasonable,  
919 after notifying all persons known to claim an interest in the goods. The notification must include  
920 a statement of the amount due, the nature of the proposed sale, and the time and place of any  
921 public sale. The fact that a better price could have been obtained by a sale at a different time or

922 in a method different from that selected by the carrier is not of itself sufficient to establish that  
923 the sale was not made in a commercially reasonable manner. The carrier sells goods in a  
924 commercially reasonable manner if the carrier sells the goods in the usual manner in any  
925 recognized market therefor, sells at the price current in that market at the time of the sale, or  
926 otherwise sells in conformity with commercially reasonable practices among dealers in the type  
927 of goods sold. A sale of more goods than apparently necessary to be offered to ensure  
928 satisfaction of the obligation is not commercially reasonable, except in cases covered by the  
929 preceding sentence.

930 (b) Before any sale pursuant to this section, any person claiming a right in the goods may  
931 pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying  
932 with this section. In that event, the goods may not be sold but must be retained by the carrier,  
933 subject to the terms of the bill of lading and this article.

934 (c) A carrier may buy at any public sale pursuant to this section.

935 (d) A purchaser in good faith of goods sold to enforce a carrier's lien takes the goods free  
936 of any rights of persons against which the lien was valid, despite the carrier's noncompliance  
937 with this section.

938 (e) A carrier may satisfy its lien from the proceeds of any sale pursuant to this section but  
939 shall hold the balance, if any, for delivery on demand to any person to which the carrier would  
940 have been bound to deliver the goods.

941 (f) The rights provided by this section are in addition to all other rights allowed by law to  
942 a creditor against a debtor.



943 (g) A carrier's lien may be enforced pursuant to either subsection (a) or the procedure set  
944 forth in Section 7-210(b).

945 (h) A carrier is liable for damages caused by failure to comply with the requirements for  
946 sale under this section and, in case of willful violation, is liable for conversion.

947

948 SECTION 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF CARRIER'S  
949 LIABILITY.

950 (a) A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall  
951 exercise the degree of care in relation to the goods which a reasonably careful person would  
952 exercise under similar circumstances. This subsection does not affect any statute, regulation, or  
953 rule of law that imposes liability upon a common carrier for damages not caused by its  
954 negligence.

955 (b) Damages may be limited by a term in the bill of lading or in a transportation  
956 agreement that the carrier's liability may not exceed a value stated in the bill or transportation  
957 agreement if the carrier's rates are dependent upon value and the consignor is afforded an  
958 opportunity to declare a higher value and the consignor is advised of the opportunity. However,  
959 such a limitation is not effective with respect to the carrier's liability for conversion to its own  
960 use.

961 (c) Reasonable provisions as to the time and manner of presenting claims and  
962 commencing actions based on the shipment may be included in a bill of lading or a transportation  
963 agreement.

964 PART 4 WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL  
965 OBLIGATIONS

966 SECTION 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR  
967 CONDUCT OF ISSUER. The obligations imposed by this article on an issuer apply to a  
968 document of title even if:

969 (1) the document does not comply with the requirements of this article or of any other  
970 statute, rule, or regulation regarding its issuance, form, or content;

971 (2) the issuer violated laws regulating the conduct of its business;

972 (3) the goods covered by the document were owned by the bailee when the document was  
973 issued; or

974 (4) the person issuing the document is not a warehouse but the document purports to be a  
975 warehouse receipt.

976

977 SECTION 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE. A duplicate  
978 or any other document of title purporting to cover goods already represented by an outstanding  
979 document of the same issuer does not confer any right in the goods, except as provided in the  
980 case of tangible bills of lading in a set of parts, overissue of documents for fungible goods,  
981 substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to  
982 Section 7-105. The issuer is liable for damages caused by its overissue or failure to identify a  
983 duplicate document by a conspicuous notation.

984 SECTION 7-403. OBLIGATION OF BAILEE TO DELIVER; EXCUSE.

985 (a) A bailee shall deliver the goods to a person entitled under a document of title  
986 if the person complies with subsections (b) and (c), unless and to the extent that the bailee  
987 establishes any of the following:

988 (1) delivery of the goods to a person whose receipt was rightful as against the  
989 claimant;

990 (2) damage to or delay, loss, or destruction of the goods for which the bailee is not  
991 liable;

992 (3) previous sale or other disposition of the goods in lawful enforcement of a lien  
993 or on a warehouse's lawful termination of storage;

994 (4) the exercise by a seller of its right to stop delivery pursuant to Section 2-705  
995 or by a lessor of its right to stop delivery pursuant to Section 2A-526;

996 (5) a diversion, reconsignment, or other disposition pursuant to Section 7-303;

997 (6) release, satisfaction, or any other personal defense against the claimant; or

998 (7) any other lawful excuse.

999 (b) A person claiming goods covered by a document of title shall satisfy the bailee's lien  
1000 if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the  
1001 charges are paid.

1002 (c) Unless a person claiming the goods is a person against which the document of title  
1003 does not confer a right under Section 7-503(a):

1004 (1) the person claiming under a document shall surrender possession or control of  
1005 any outstanding negotiable document covering the goods for cancellation or indication of partial  
1006 deliveries; and

1007 (2) the bailee shall cancel the document or conspicuously indicate in the  
1008 document the partial delivery or the bailee is liable to any person to which the document is duly  
1009 negotiated.

1010 SECTION 7-404. NO LIABILITY FOR GOOD-FAITH DELIVERY PURSUANT TO  
1011 DOCUMENT OF TITLE. A bailee that in good faith has received goods and delivered or  
1012 otherwise disposed of the goods according to the terms of a document of title or pursuant to this  
1013 article is not liable for the goods even if:

1014 (1) the person from which the bailee received the goods did not have authority to procure  
1015 the document or to dispose of the goods; or

1016 (2) the person to which the bailee delivered the goods did not have authority to receive  
1017 the goods.

1018 PART 5 WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND  
1019 TRANSFER

1020 SECTION 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE  
1021 NEGOTIATION.

1022 (a) The following rules apply to a negotiable tangible document of title:

1023 (1) If the document's original terms run to the order of a named person, the  
1024 document is negotiated by the named person's indorsement and delivery. After the named

1025 person's indorsement in blank or to bearer, any person may negotiate the document by delivery  
1026 alone.

1027 (2) If the document's original terms run to bearer, it is negotiated by delivery  
1028 alone.

1029 (3) If the document's original terms run to the order of a named person and it is  
1030 delivered to the named person, the effect is the same as if the document had been negotiated.

1031 (4) Negotiation of the document after it has been indorsed to a named person  
1032 requires indorsement by the named person and delivery.

1033 (5) A document is duly negotiated if it is negotiated in the manner stated in this  
1034 subsection to a holder that purchases it in good faith, without notice of any defense against or  
1035 claim to it on the part of any person, and for value, unless it is established that the negotiation is  
1036 not in the regular course of business or financing or involves receiving the document in  
1037 settlement or payment of a monetary obligation.

1038 (b) The following rules apply to a negotiable electronic document of title:

1039 (1) If the document's original terms run to the order of a named person or to  
1040 bearer, the document is negotiated by delivery of the document to another person. Indorsement  
1041 by the named person is not required to negotiate the document.

1042 (2) If the document's original terms run to the order of a named person and the  
1043 named person has control of the document, the effect is the same as if the document had been  
1044 negotiated.

1045                   (3) A document is duly negotiated if it is negotiated in the manner stated in this  
1046 subsection to a holder that purchases it in good faith, without notice of any defense against or  
1047 claim to it on the part of any person, and for value, unless it is established that the negotiation is  
1048 not in the regular course of business or financing or involves taking delivery of the document in  
1049 settlement or payment of a monetary obligation.

1050                   (c) Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds  
1051 to the transferee's rights.

1052                   (d) The naming in a negotiable bill of lading of a person to be notified of the arrival of  
1053 the goods does not limit the negotiability of the bill or constitute notice to a purchaser of the bill  
1054 of any interest of that person in the goods.

1055                   SECTION 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION.

1056                   (a) Subject to Sections 7-205 and 7-503, a holder to which a negotiable document of title  
1057 has been duly negotiated acquires thereby:

1058                                 (1) title to the document;

1059                                 (2) title to the goods;

1060                                 (3) all rights accruing under the law of agency or estoppel, including rights to  
1061 goods delivered to the bailee after the document was issued; and

1062                                 (4) the direct obligation of the issuer to hold or deliver the goods according to the  
1063 terms of the document free of any defense or claim by the issuer except those arising under the  
1064 terms of the document or under this article, but in the case of a delivery order, the bailee's  
1065 obligation accrues only upon the bailee's acceptance of the delivery order and the obligation

1066 acquired by the holder is that the issuer and any indorser will procure the acceptance of the  
1067 bailee.

1068 (b) Subject to Section 7-503, title and rights acquired by due negotiation are not defeated  
1069 by any stoppage of the goods represented by the document of title or by surrender of the goods  
1070 by the bailee and are not impaired even if:

1071 (1) the due negotiation or any prior due negotiation constituted a breach of duty;

1072 (2) any person has been deprived of possession of a negotiable tangible document  
1073 or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake,  
1074 duress, loss, theft, or conversion; or

1075 (3) a previous sale or other transfer of the goods or document has been made to a  
1076 third person.

1077 SECTION 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN  
1078 CASES.

1079 (a) A document of title confers no right in goods against a person that before issuance of  
1080 the document had a legal interest or a perfected security interest in the goods and that did not:

1081 (1) deliver or entrust the goods or any document of title covering the goods to the  
1082 bailor or the bailor's nominee with:

1083 (A) actual or apparent authority to ship, store, or sell;

1084 (B) power to obtain delivery under Section 7-403; or

1085 (C) power of disposition under Section 2-403, 2A-304(2), 2A-305(2), 9-  
1086 320, or 9-321(c) or other statute or rule of law; or

1087 (2) acquiesce in the procurement by the bailor or its nominee of any document.

1088 (b) Title to goods based upon an unaccepted delivery order is subject to the rights of any  
1089 person to which a negotiable warehouse receipt or bill of lading covering the goods has been  
1090 duly negotiated. That title may be defeated under Section 7-504 to the same extent as the rights  
1091 of the issuer or a transferee from the issuer.

1092 (c) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the  
1093 rights of any person to which a bill issued by the freight forwarder is duly negotiated. However,  
1094 delivery by the carrier in accordance with Part 4 pursuant to its own bill of lading discharges the  
1095 carrier's obligation to deliver.

1096 SECTION 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION;  
1097 EFFECT OF DIVERSION; STOPPAGE OF DELIVERY.

1098 (a) A transferee of a document of title, whether negotiable or nonnegotiable, to which the  
1099 document has been delivered but not duly negotiated, acquires the title and rights that its  
1100 transferor had or had actual authority to convey.

1101 (b) In the case of a transfer of a nonnegotiable document of title, until but not after the  
1102 bailee receives notice of the transfer, the rights of the transferee may be defeated:

1103 (1) by those creditors of the transferor which could treat the transfer as void under  
1104 Section 2-402 or 2A-308 ;



1105 (2) by a buyer from the transferor in ordinary course of business if the bailee has  
1106 delivered the goods to the buyer or received notification of the buyer's rights;

1107 (3) by a lessee from the transferor in ordinary course of business if the bailee has  
1108 delivered the goods to the lessee or received notification of the lessee's rights; or

1109 (4) as against the bailee, by good-faith dealings of the bailee with the transferor.

1110 (c) A diversion or other change of shipping instructions by the consignor in a  
1111 nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee  
1112 defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary  
1113 course of business or a lessee in ordinary course of business and, in any event, defeats the  
1114 consignee's rights against the bailee.

1115 (d) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped  
1116 by a seller under Section 2-705 or a lessor under Section 2A-526, subject to the requirements of  
1117 due notification in those sections. A bailee that honors the seller's or lessor's instructions is  
1118 entitled to be indemnified by the seller or lessor against any resulting loss or expense.

1119 SECTION 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES. The  
1120 indorsement of a tangible document of title issued by a bailee does not make the indorser liable  
1121 for any default by the bailee or previous indorsers.

1122

1123 SECTION 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL  
1124 INDORSEMENT. The transferee of a negotiable tangible document of title has a specifically

1125 enforceable right to have its transferor supply any necessary indorsement, but the transfer  
1126 becomes a negotiation only as of the time the indorsement is supplied.

1127           SECTION 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF  
1128 DOCUMENT OF TITLE. If a person negotiates or delivers a document of title for value,  
1129 otherwise than as a mere intermediary under Section 7-508, unless otherwise agreed, the  
1130 transferor, in addition to any warranty made in selling or leasing the goods, warrants to its  
1131 immediate purchaser only that:

1132           (1) the document is genuine;

1133           (2) the transferor does not have knowledge of any fact that would impair the document's  
1134 validity or worth; and

1135           (3) the negotiation or delivery is rightful and fully effective with respect to the title to the  
1136 document and the goods it represents.

1137           SECTION 7-508. WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS  
1138 OF TITLE. A collecting bank or other intermediary known to be entrusted with documents of  
1139 title on behalf of another or with collection of a draft or other claim against delivery of  
1140 documents warrants by the delivery of the documents only its own good faith and authority even  
1141 if the collecting bank or other intermediary has purchased or made advances against the claim or  
1142 draft to be collected.

1143           SECTION 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL CONTRACT.  
1144 Whether a document of title is adequate to fulfill the obligations of a contract for sale, a contract  
1145 for lease, or the conditions of a letter of credit is determined by Article 2, 2A, or 5.

1146 PART 6 WAREHOUSE RECEIPTS AND BILLS OF LADING: MISCELLANEOUS  
1147 PROVISIONS

1148 SECTION 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE.

1149 (a) If a document of title is lost, stolen, or destroyed, a court may order delivery of the  
1150 goods or issuance of a substitute document and the bailee may without liability to any person  
1151 comply with the order. If the document was negotiable, a court may not order delivery of the  
1152 goods or issuance of a substitute document without the claimant's posting security unless it finds  
1153 that any person that may suffer loss as a result of nonsurrender of possession or control of the  
1154 document is adequately protected against the loss. If the document was nonnegotiable, the court  
1155 may require security. The court may also order payment of the bailee's reasonable costs and  
1156 attorney's fees in any action under this subsection.

1157 (b) A bailee that, without a court order, delivers goods to a person claiming under a  
1158 missing negotiable document of title is liable to any person injured thereby. If the delivery is  
1159 not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if  
1160 the claimant posts security with the bailee in an amount at least double the value of the goods at  
1161 the time of posting to indemnify any person injured by the delivery which files a notice of claim  
1162 within one year after the delivery.

1163 SECTION 7-602. JUDICIAL PROCESS AGAINST GOODS COVERED BY  
1164 NEGOTIABLE DOCUMENT OF TITLE. Unless a document of title was originally issued upon  
1165 delivery of the goods by a person that did not have power to dispose of them, a lien does not  
1166 attach by virtue of any judicial process to goods in the possession of a bailee for which a  
1167 negotiable document of title is outstanding unless possession or control of the document is first

1168 surrendered to the bailee or the document's negotiation is enjoined. The bailee may not be  
1169 compelled to deliver the goods pursuant to process until possession or control of the document is  
1170 surrendered to the bailee or to the court. A purchaser of the document for value without notice  
1171 of the process or injunction takes free of the lien imposed by judicial process.

1172 SECTION 7-603. CONFLICTING CLAIMS; INTERPLEADER. If more than one  
1173 person claims title to or possession of the goods, the bailee is excused from delivery until the  
1174 bailee has a reasonable time to ascertain the validity of the adverse claims or to commence an  
1175 action for interpleader. The bailee may assert an interpleader either in defending an action for  
1176 nondelivery of the goods or by original action.

1177 SECTION 45. Subsection 8-102(a)(10) of said chapter 106 is hereby amended by striking  
1178 out the words ““Good faith,” for purposes of the obligation of good faith in the performance or  
1179 enforcement of contracts or duties within this Article, means honesty in fact and the observance  
1180 of reasonable commercial standards of fair dealing.” and by substituting in place thereof word:--  
1181 “[Reserved]”.

1182 SECTION 46. Section 8-103 of said chapter 106 is hereby amended by adding at the end  
1183 of said Section the following new Subsection 8-103(g):--

1184 (g) A document of title, as defined in Section 1-201(16), is not a financial asset unless  
1185 Section 8-102(a)(9)(iii) applies.

1186 SECTION 47. Subsection 9-102(a)(5) of chapter 106 of the General Laws is hereby  
1187 amended by striking out the words “, other than a security interest, ”.

1188 SECTION 48. Subsection 9-102(a)(30) of said chapter 106 is hereby amended by striking  
1189 out “7-201(2)” and by inserting in place thereof “7-201(b)”.

1190 SECTION 49. Subsection 9-102(a)(43) of said chapter 106 is hereby amended by striking  
1191 out the words ““Good faith” means honesty in fact and the observance of reasonable commercial  
1192 standards of fair dealing.” and by inserting in place thereof word “[Reserved]”.

1193 SECTION 50. Subsection 9-102(a)(46) of said chapter 106 is hereby amended by  
1194 inserting, after the word “provided”, the words “or to be provided”.

1195 SECTION 51. Subsection 9-102(b) of said chapter 106 is hereby amended by inserting,  
1196 after the words “‘Contract for sale’. Section 2-106”, the words “‘Control’ (with respect to a  
1197 document of title). Section 7-106.”

1198 SECTION 52. Subsection 9-109(d)(10)(B) of said chapter 106 is hereby amended by  
1199 striking out “9-403” and by substituting in place thereof “9-404.”

1200 SECTION 53. Subsection 9-203(b)(3)(D) of said chapter 106 is hereby amended by  
1201 striking out the words “or letter-of credit rights,” and by substituting in place thereof the words  
1202 “letter-of credit rights, or electronic documents,”.

1203 SECTION 54. Subsection 9-203(b)(3)(D) of said chapter 106 is hereby further amended  
1204 by striking out the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-  
1205 106”.

1206 SECTION 55. Subsection 9-207(c) of said chapter 106 is hereby amended by striking out  
1207 the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-106”.

1208 SECTION 56. Section 9-208 of said chapter 106 is hereby amended by striking out the  
1209 word “and” at the end of Subsection 9-208(b)(4), by striking out the period and substituting in  
1210 place thereof the word “; and” at the end of Subsection 9-208(b)(5) and by adding at the end of  
1211 said Section the following the following new Subsection 9-208(b)(6):--

1212 (6) a secured party having control of an electronic document shall:

1213 (A) give control of the electronic document to the debtor or its designated  
1214 custodian;

1215 (B) if the debtor designates a custodian that is the designated custodian  
1216 with which the authoritative copy of the electronic document is maintained for the secured party,  
1217 communicate to the custodian an authenticated record releasing the designated custodian from  
1218 any further obligation to comply with instructions originated by the secured party and instructing  
1219 the custodian to comply with instructions originated by the debtor; and

1220 (C) take appropriate action to enable the debtor or its designated custodian  
1221 to make copies of or revisions to the authoritative copy which add or change an identified  
1222 assignee of the authoritative copy without the consent of the secured party.

1223 SECTION 57. Subsection 9-209(b) of said chapter 106 is hereby amended by striking  
1224 out “9-405(a)” and by substituting in place thereof “9-406(a).”

1225 SECTION 58. Subsection 9-301(3) of said chapter 106 is hereby amended by inserting,  
1226 after the words “provided in paragraph (4), while”, the word “tangible”.

1227 SECTION 59. Subsection 9-304(b)(1) of said chapter 106 is hereby amended by striking  
1228 out the words “the debtor” and by substituting in place thereof the words “its customer”.

1229 SECTION 60. Section 9-309 of said chapter 106 is hereby amended by striking out the  
1230 word “and” after the word “thereunder;” in Subsection 9-309(12), by striking out the period at  
1231 the end of Subsection 9-309(13), by substituting in place thereof the word “; and” and by adding  
1232 at the end of said Section 9-309 the following new Subsection 9-309(14):--

1233 (14) a sale by an individual of an account that is a right to payment of winnings in a  
1234 lottery or other game of chance.

1235 SECTION 61. Subsection 9-310(b)(5) of said chapter 106 is hereby amended by  
1236 inserting, after the words “perfected without filing;”, the word “control;”.

1237 SECTION 62. Subsection 9-310(b)(8) of said chapter 106 is hereby amended by  
1238 inserting, after the words “electronic chattel paper;”, the words “electronic documents;”.

1239 SECTION 63. Subsection 9-312(e) of said chapter 106 is hereby amended by inserting,  
1240 after the words “taking of possession;”, the words “or control”.

1241 SECTION 64. Subsection 9-313(a) of said chapter 106 is hereby amended by inserting  
1242 in the first sentence of said Subsection, after the words “may perfect a security in”, the word  
1243 “tangible”.

1244 SECTION 65. Subsection 9-314(a) of said chapter 106 is hereby amended by striking  
1245 out the words “or electronic chattel paper;” and by substituting in place thereof the words  
1246 “electronic chattel paper, or electronic documents;”.

1247 SECTION 66. Subsection 9-314(a) of said chapter 106 is hereby further amended by  
1248 striking out the words “or 9-107;” and by substituting in place thereof the words “9-107, or 7-  
1249 106”.

1250 SECTION 67. Subsection 9-314(b) of said chapter 106 is hereby amended by striking  
1251 out the words “or letter-of-credit rights,” and by substituting in place thereof the words “letter-  
1252 of-credit rights, or electronic documents,”.

1253 SECTION 68. Subsection 9-314(b) of said chapter 106 is hereby further amended by  
1254 striking out the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-  
1255 106”.

1256 SECTION 69. Subsection 9-317(b) of said chapter 106 is hereby amended by inserting,  
1257 after the words “tangible chattel paper,” the word “tangible”.

1258 SECTION 70. Subsection 9-317(d) of said chapter 106 is hereby amended by inserting,  
1259 after the words “electronic chattel paper,” the words “electronic documents,”.

1260 SECTION 71. Subsection 9-338(2) of said chapter 106 is hereby amended by striking  
1261 the words “in the case of chattel paper, documents” and by substituting in place thereof the  
1262 words “in the case of tangible chattel paper, tangible documents”.

1263 SECTION 72. Part 3 of article 9 of said chapter 106 is hereby further amended by  
1264 inserting, immediately after Section 9-341, the following new Section 9-342: --

1265 SECTION 9-342. BANK’S RIGHT TO REFUSE TO ENTER INTO OR DISCLOSE  
1266 EXISTENCE OF CONTROL AGREEMENT. This article does not require a bank to enter into  
1267 an agreement of the kind described in Section 9-104(a)(2), even if its customer so requests or  
1268 directs. A bank that has entered into such an agreement is not required to confirm the existence  
1269 of the agreement to another person unless requested to do so by its customer.



1270 SECTION 73. Subsection 9-401(a) of said chapter 106 is hereby amended by striking  
1271 out the words “9-405, 9-406, 9-407 and 9-408” and by substituting in place thereof the words “9-  
1272 406, 9-407, 9-408 and 9-409.”

1273 SECTION 74. Part 4 of article 9 of said chapter 106 is hereby amended by redesignating  
1274 Sections 9-402, 9-403, 9-404, 9-405, 9-406, 9-407 and 9-408 as Sections 9-403, 9-404, 9-405, 9-  
1275 406, 9-407, 9-408 and 9-409 respectively and by inserting, immediately after Section 9-401, the  
1276 following new Section 9-402:--

1277 SECTION 9 402. SECURED PARTY NOT OBLIGATED ON CONTRACT OF  
1278 DEBTOR OR IN TORT. The existence of a security interest, agricultural lien, or authority given  
1279 to a debtor to dispose of or use collateral, without more, does not subject a secured party to  
1280 liability in contract or tort for the debtor’s acts or omissions.

1281 SECTION 75. Subsection 9-404(b)(2), so redesignated as Subsection 9-405(b)(2), of  
1282 said chapter 106, is hereby amended by striking out “9-405(a)” and by substituting in place  
1283 thereof “9-406(a).”

1284 SECTION 76. Subsection 9-405(d), so redesignated as Subsection 9-406(d), of said  
1285 chapter 106 is hereby amended by striking out “9-406” and by substituting “9-407.”

1286 SECTION 77. Subsection 9-405(f), so redesignated as Subsection 9-406(f), of said  
1287 chapter 106 is hereby amended by striking out “9-406” and by substituting “9-407.”

1288 SECTION 78. Subsection 9-601(b) of said chapter 106 is hereby amended by striking  
1289 out the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-106”.

1290 SECTION 79. Subsection 9-702(b) of said chapter 106 is hereby amended by striking  
1291 out the word “9-708” and by inserting in place thereof the following word:-- “9-709”.

1292 SECTION 80. Subsection 9-706(b)(1) of said chapter 106 is hereby amended by striking  
1293 out “9-402” and by substituting “9-403.”

1294 SECTION 81. Section 47 of chapter 152 of the General Laws is hereby amended by  
1295 striking out “9-405 and 9-407” and by substituting “9-406 and 9-408.”

1296 SECTION 82. The following transitional provisions apply to the foregoing sections of  
1297 this Act:

1298 (a) The foregoing sections of this Act apply to a document of title that is issued or a  
1299 bailment that arises on or after the effective date of the foregoing sections of this Act. The  
1300 foregoing sections of this Act do not apply to a document of title that is issued or a bailment that  
1301 arises before the effective date of the foregoing sections of this Act even if the document of title  
1302 or bailment would be subject to this Act if the document of title had been issued or bailment had  
1303 arisen on or after the effective date of the foregoing sections of this Act.

1304 (b) The foregoing sections of this Act do not apply to a right of action that has  
1305 accrued before the effective date of the foregoing sections of this Act.

1306 (c) A document of title issued or a bailment that arises before the effective date of the  
1307 foregoing sections of this Act and the rights, obligations, and interests flowing from that  
1308 document or bailment are governed by any statute or other rule amended or repealed by the  
1309 foregoing sections of this Act as if amendment or repeal had not occurred and may be  
1310 terminated, completed, consummated, or enforced under that statute or other rule.

1311 (d) Section 60 of this Act applies to a sale of an account described in Subsection 9-  
1312 309(14) of Article 9 of chapter 106 of the General Laws, as amended by Section 60, even if the  
1313 sale was entered into before the foregoing sections of this Act take effect. However, if the  
1314 relative priorities of conflicting claims to the account were established before the foregoing  
1315 sections of this Act take effect, Article 9 of said chapter 106 as in effect immediately prior to the  
1316 date on which the foregoing sections of this Act take effect determines priority.

1317 (e) The amendments to said chapter 106 contained in Sections 1, 8, 28, 29, 47, 50, 52,  
1318 57, 59, 72, 73, 74, 75, 76, 77, 79, 80 and 81 of this Act are intended to correct technical errors  
1319 and, to the extent substantive, are intended to be declarative of existing law.

## 1320 SECOND SET OF AMENDMENTS

### 1321 (2010 AMENDMENTS TO UCC ARTICLE 9)

1322 SECTION 83. After making each amendment to said chapter 106 set forth above, each  
1323 section of article 9 of said chapter 106 indicated below is hereby further amended by (a) striking  
1324 the words indicated by a line struck through the words. (b) striking the forms contained in each  
1325 of subsection (a) and subsection (b) of section 9-521 of article 9, and (c) inserting the words  
1326 indicated by the words underlined, with there being no amendments in this Section to any section  
1327 of article 9 not indicated below:

## 1328 SECTION 9-102. DEFINITIONS AND INDEX OF DEFINITIONS

1329 (a) Article 9 definitions. In this article:

1330 (1) “Accession” means goods that are physically united with other goods in such  
1331 a manner that the identity of the original goods is not lost.

1332 (2) “Account”, except as used in “account for”, means a right to payment of a  
1333 monetary obligation, whether or not earned by performance, (i) for property that has been or is to  
1334 be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be  
1335 rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation  
1336 incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a  
1337 vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or  
1338 information contained on or for use with the card, or (viii) as winnings in a lottery or other game  
1339 of chance operated or sponsored by a State, governmental unit of a State, or person licensed or  
1340 authorized to operate the game by a State or governmental unit of a State. The term includes  
1341 health-care-insurance receivables. The term does not include (i) rights to payment evidenced by  
1342 chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment  
1343 property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or  
1344 funds advanced or sold, other than rights arising out of the use of a credit or charge card or  
1345 information contained on or for use with the card.

1346 (3) “Account debtor” means a person obligated on an account, chattel paper, or  
1347 general intangible. The term does not include persons obligated to pay a negotiable instrument,  
1348 even if the instrument constitutes part of chattel paper.

1349 (4) “Accounting”, except as used in “accounting for”, means a record:

1350 (A) authenticated by a secured party;

1351 (B) indicating the aggregate unpaid secured obligations as of a date not  
1352 more than 35 days earlier or 35 days later than the date of the record; and

1353 (C) identifying the components of the obligations in reasonable detail.

- 1354 (5) “Agricultural lien” means an interest in farm products:
- 1355 (A) which secures payment or performance of an obligation for:
- 1356 (i) goods or services furnished in connection with a debtor’s
- 1357 farming operation; or
- 1358 (ii) rent on real property leased by a debtor in connection with its
- 1359 farming operation;
- 1360 (B) which is created by statute in favor of a person that:
- 1361 (i) in the ordinary course of its business furnished goods or
- 1362 services to a debtor in connection with a debtor’s farming operation; or
- 1363 (ii) leased real property to a debtor in connection with the debtor’s
- 1364 farming operation; and
- 1365 (C) whose effectiveness does not depend on the person’s possession of the
- 1366 personal property.
- 1367 (6) “As-extracted collateral” means:
- 1368 (A) oil, gas, or other minerals that are subject to a security interest that:
- 1369 (i) is created by a debtor having an interest in the minerals before
- 1370 extraction; and
- 1371 (ii) attaches to the minerals as extracted; or

1372 (B) accounts arising out of the sale at the wellhead or minehead of oil, gas,  
1373 or other minerals in which the debtor had an interest before extraction.

1374 (7) “Authenticate” means:

1375 (A) to sign; or

1376 (B) to execute or otherwise adopt a symbol, or encrypt or similarly process  
1377 a record in whole or in part, with the present intent of the authenticating person to identify the  
1378 person and adopt or accept a record with present intent to adopt or accept a record, to attach to or  
1379 logically associate with the record an electronic sound, symbol, or process.

1380 (8) “Bank” means an organization that is engaged in the business of banking.

1381 The term includes savings banks, savings and loan associations, credit unions, and trust  
1382 companies.

1383 (9) “Cash proceeds” means proceeds that are money, checks, deposit accounts, or  
1384 the like.

1385 (10) “Certificate of title” means a certificate of title with respect to which a  
1386 statute provides for the security interest in question to be indicated on the certificate as a  
1387 condition or result of the security interest’s obtaining priority over the rights of a lien creditor  
1388 with respect to the collateral. The term includes another record maintained as an alternative to a  
1389 certificate of title by the governmental unit that issues certificates of title if a statute permits the  
1390 security interest in question to be indicated on the record as a condition or result of the security  
1391 interest’s obtaining priority over the rights of a lien creditor with respect to the collateral.

1392                   (11) “Chattel paper” means a record or records that evidence both a monetary  
1393 obligation and a security interest in specific goods, a security interest in specific goods and  
1394 software used in the goods, a security interest in specific goods and license of software used in  
1395 the goods, a lease of specific goods, or a lease of specific goods and license of software used in  
1396 the goods. In this paragraph, “monetary obligation” means a monetary obligation secured by the  
1397 goods or owed under a lease of the goods and includes a monetary obligation with respect to  
1398 software used in the goods. The term does not include (i) charters or other contracts involving  
1399 the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of  
1400 a credit or charge card or information contained on or for use with the card. If a transaction is  
1401 evidenced by records that include an instrument or series of instruments, the group of records  
1402 taken together constitutes chattel paper.

1403                   (12) “Collateral” means the property subject to a security interest or agricultural  
1404 lien. The term includes:

1405                               (A) proceeds to which a security interest attaches;

1406                               (B) accounts, chattel paper, payment intangibles, and promissory notes  
1407 that have been sold; and

1408                               (C) goods that are the subject of a consignment.

1409                   (13) “Commercial tort claim” means a claim arising in tort with respect to which:

1410                               (A) the claimant is an organization; or

1411                               (B) the claimant is an individual and the claim:

1412                                       (i) arose in the course of the claimant’s business or profession; and

1413 (ii) does not include damages arising out of personal injury to or  
1414 the death of an individual.

1415 (14) “Commodity account” means an account maintained by a commodity  
1416 intermediary in which a commodity contract is carried for a commodity customer.

1417 (15) “Commodity contract” means a commodity futures contract, an option on a  
1418 commodity futures contract, a commodity option, or another contract if the contract or option is:

1419 (A) traded on or subject to the rules of a board of trade that has been  
1420 designated as a contract market for such a contract pursuant to federal commodities laws; or

1421 (B) traded on a foreign commodity board of trade, exchange, or market,  
1422 and is carried on the books of a commodity intermediary for a commodity customer.

1423 (16) “Commodity customer” means a person for which a commodity  
1424 intermediary carries a commodity contract on its books.

1425 (17) “Commodity intermediary” means a person that:

1426 (A) is registered as a futures commission merchant under federal  
1427 commodities law; or

1428 (B) in the ordinary course of its business provides clearance or settlement  
1429 services for a board of trade that has been designated as a contract market pursuant to federal  
1430 commodities law.

1431 (18) “Communicate” means:

1432 (A) to send a written or other tangible record;



1433 (B) to transmit a record by any means agreed upon by the persons sending  
1434 and receiving the record; or

1435 (C) in the case of transmission of a record to or by a filing office, to  
1436 transmit a record by any means prescribed by filing-office rule.

1437 (19) “Consignee” means a merchant to which goods are delivered in a  
1438 consignment.

1439 (20) “Consignment” means a transaction, regardless of its form, in which a  
1440 person delivers goods to a merchant for the purpose of sale and:

1441 (A) the merchant:

1442 (i) deals in goods of that kind under a name other than the name of  
1443 the person making delivery;

1444 (ii) is not an auctioneer; and

1445 (iii) is not generally known by its creditors to be substantially  
1446 engaged in selling the goods of others;

1447 (B) with respect to each delivery, the aggregate value of the goods is  
1448 \$1,000 or more at the time of delivery;

1449 (C) the goods are not consumer goods immediately before delivery; and

1450 (D) the transaction does not create a security interest that secures an  
1451 obligation.

1452 (21) “Consignor” means a person that delivers goods to a consignee in a  
1453 consignment.

1454 (22) “Consumer debtor” means a debtor in a consumer transaction.

1455 (23) “Consumer goods” means goods that are used or bought for use primarily  
1456 for personal, family, or household purposes.

1457 (24) “Consumer-goods transaction” means a consumer transaction in which:

1458 (A) an individual incurs an obligation primarily for personal, family, or  
1459 household purposes; and

1460 (B) a security interest in consumer goods secures the obligation.

1461 (25) “Consumer obligor” means an obligor who is an individual and who  
1462 incurred the obligation as part of a transaction entered into primarily for personal, family, or  
1463 household purposes.

1464 (26) “Consumer transaction” means a transaction in which (i) an individual  
1465 incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest  
1466 secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or  
1467 household purposes. The term includes consumer-goods transactions.

1468 (27) “Continuation statement” means an amendment of a financing statement  
1469 which:

1470 (A) identifies, by its file number, the initial financing statement to which it  
1471 relates; and

1472 (B) indicates that it is a continuation statement for, or that it is filed to  
1473 continue the effectiveness of, the identified financing statement.

1474 (28) “Debtor” means:

1475 (A) a person having an interest, other than a security interest or other lien,  
1476 in the collateral, whether or not the person is an obligor;

1477 (B) a seller of accounts, chattel paper, payment intangibles, or promissory  
1478 notes; or

1479 (C) a consignee.

1480 (29) “Deposit account” means a demand, time, savings, passbook, or similar  
1481 account maintained with a bank. The term does not include investment property or accounts  
1482 evidenced by an instrument.

1483 (30) “Document” means a document of title or a receipt of the type described in  
1484 Section 7-201(b).

1485 (31) “Electronic chattel paper” means chattel paper evidenced by a record or  
1486 records consisting of information stored in an electronic medium.

1487 (32) “Encumbrance” means a right, other than an ownership interest, in real  
1488 property. The term includes mortgages and other liens on real property.

1489 (33) “Equipment” means goods other than inventory, farm products, or consumer  
1490 goods.

1491 (34) “Farm products” means goods, other than standing timber, with respect to  
1492 which the debtor is engaged in a farming operation and which are:

1493 (A) crops grown, growing, or to be grown, including:

1494 (i) crops produced on trees, vines, and bushes; and

1495 (ii) aquatic goods produced in aquacultural operations;

1496 (B) livestock, born or unborn, including aquatic goods produced in  
1497 aquacultural operations;

1498 (C) supplies used or produced in a farming operation; or

1499 (D) products of crops or livestock in their unmanufactured states.

1500 (35) “Farming operation” means raising, cultivating, propagating, fattening,  
1501 grazing, or any other farming, livestock, or aquacultural operation.

1502 (36) “File number” means the number assigned to an initial financing statement  
1503 pursuant to Section 9-519(a).

1504 (37) “Filing office” means an office designated in Section 9-501 as the place to  
1505 file a financing statement.

1506 (38) “Filing-office rule” means a rule adopted pursuant to Section 9-526.

1507 (39) “Financing statement” means a record or records composed of an initial  
1508 financing statement and any filed record relating to the initial financing statement.

1509                   (40) “Fixture filing” means the filing of a financing statement covering goods  
1510 that are or are to become fixtures and satisfying Section 9-502(a) and (b). The term includes the  
1511 filing of a financing statement covering goods of a transmitting utility which are or are to  
1512 become fixtures.

1513                   (41) “Fixtures” means goods that have become so related to particular real  
1514 property that an interest in them arises under real property law.

1515                   (42) “General intangible” means any personal property, including things in  
1516 action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents,  
1517 goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil,  
1518 gas, or other minerals before extraction. The term includes payment intangibles and software.

1519                   (43) “Good faith” means honesty in fact and the observance of reasonable  
1520 commercial standards of fair dealing.

1521                   (44) “Goods” means all things that are movable when a security interest attaches.  
1522 The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a  
1523 conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or  
1524 to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured  
1525 homes. The term also includes a computer program embedded in goods and any supporting  
1526 information provided in connection with a transaction relating to the program if (i) the program  
1527 is associated with the goods in such a manner that it customarily is considered part of the goods,  
1528 or (ii) by becoming the owner of the goods, a person acquires a right to use the program in  
1529 connection with the goods. The term does not include a computer program embedded in goods  
1530 that consist solely of the medium in which the program is embedded. The term also does not

1531 include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general  
1532 intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or  
1533 oil, gas, or other minerals before extraction.

1534 (45) “Governmental unit” means a subdivision, agency, department, county,  
1535 parish, municipality, or other unit of the government of the United States, a State, or a foreign  
1536 country. The term includes an organization having a separate corporate existence if the  
1537 organization is eligible to issue debt on which interest is exempt from income taxation under the  
1538 laws of the United States.

1539 (46) “Health-care-insurance receivable” means an interest in or claim under a  
1540 policy of insurance which is a right to payment of a monetary obligation for health-care goods or  
1541 services provided or to be provided.

1542 (47) “Instrument” means a negotiable instrument or any other writing that  
1543 evidences a right to the payment of a monetary obligation, is not itself a security agreement or  
1544 lease, and is of a type that in ordinary course of business is transferred by delivery with any  
1545 necessary indorsement or assignment. The term does not include (i) investment property, (ii)  
1546 letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit  
1547 or charge card or information contained on or for use with the card.

1548 (48) “Inventory” means goods, other than farm products, which:

1549 (A) are leased by a person as lessor;

1550 (B) are held by a person for sale or lease or to be furnished under a

1551 contract of service;

1552 (C) are furnished by a person under a contract of service; or

1553 (D) consist of raw materials, work in process, or materials used or

1554 consumed in a business.

1555 (49) “Investment property” means a security, whether certificated or

1556 uncertificated, security entitlement, securities account, commodity contract, or commodity

1557 account.

1558 (50) “Jurisdiction of organization”, with respect to a registered organization,

1559 means the jurisdiction under whose law the organization is formed or organized.

1560 (51) “Letter-of-credit right” means a right to payment or performance under a

1561 letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand

1562 payment or performance. The term does not include the right of a beneficiary to demand

1563 payment or performance under a letter of credit.

1564 (52) “Lien creditor” means:

1565 (A) a creditor that has acquired a lien on the property involved by

1566 attachment, levy, or the like;

1567 (B) an assignee for benefit of creditors from the time of assignment;

1568 (C) a trustee in bankruptcy from the date of the filing of the petition; or

1569 (D) a receiver in equity from the time of appointment.

1570 (53) “Manufactured home” means a structure, transportable in one or more

1571 sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or

1572 more in length, or, when erected on site, is 320 or more square feet, and which is built on a  
1573 permanent chassis and designed to be used as a dwelling with or without a permanent foundation  
1574 when connected to the required utilities, and includes the plumbing, heating, air-conditioning,  
1575 and electrical systems contained therein. The term includes any structure that meets all of the  
1576 requirements of this paragraph except the size requirements and with respect to which the  
1577 manufacturer voluntarily files a certification required by the United States Secretary of Housing  
1578 and Urban Development and complies with the standards established under Title 42 of the  
1579 United States Code.

1580 (54) “Manufactured-home transaction” means a secured transaction:

1581 (A) that creates a purchase-money security interest in a manufactured  
1582 home, other than a manufactured home held as inventory; or

1583 (B) in which a manufactured home, other than a manufactured home held  
1584 as inventory, is the primary collateral.

1585 (55) “Mortgage” means a consensual interest in real property, including fixtures,  
1586 which secures payment or performance of an obligation.

1587 (56) “New debtor” means a person that becomes bound as debtor under Section  
1588 9-203(d) by a security agreement previously entered into by another person.

1589 (57) “New value” means (i) money, (ii) money’s worth in property, services, or  
1590 new credit, or (iii) release by a transferee of an interest in property previously transferred to the  
1591 transferee. The term does not include an obligation substituted for another obligation.

1592 (58) “Noncash proceeds” means proceeds other than cash proceeds.



1593                   (59) “Obligor” means a person that, with respect to an obligation secured by a  
1594 security interest in or an agricultural lien on the collateral, (i) owes payment or other  
1595 performance of the obligation, (ii) has provided property other than the collateral to secure  
1596 payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in  
1597 part for payment or other performance of the obligation. The term does not include issuers or  
1598 nominated persons under a letter of credit.

1599                   (60) “Original debtor”, except as used in Section 9-310(c), means a person that,  
1600 as debtor, entered into a security agreement to which a new debtor has become bound under  
1601 Section 9-203(d).

1602                   (61) “Payment intangible” means a general intangible under which the account  
1603 debtor’s principal obligation is a monetary obligation.

1604                   (62) “Person related to”, with respect to an individual, means:

1605                                   (A) the spouse of the individual;

1606                                   (B) a brother, brother-in-law, sister, or sister-in-law of the individual;

1607                                   (C) an ancestor or lineal descendant of the individual or the individual’s  
1608 spouse; or

1609                                   (D) any other relative, by blood or marriage, of the individual or the  
1610 individual’s spouse who shares the same home with the individual.

1611                   (63) “Person related to”, with respect to an organization, means:

1612 (A) a person directly or indirectly controlling, controlled by, or under  
1613 common control with the organization;

1614 (B) an officer or director of, or a person performing similar functions with  
1615 respect to, the organization;

1616 (C) an officer or director of, or a person performing similar functions with  
1617 respect to, a person described in subparagraph (A);

1618 (D) the spouse of an individual described in subparagraph (A), (B), or (C);

1619 or

1620 (E) an individual who is related by blood or marriage to an individual  
1621 described in subparagraph (A), (B), (C), or (D) and shares the same home with the individual.

1622 (64) “Proceeds”, except as used in Section 9-609(b), means the following  
1623 property:

1624 (A) whatever is acquired upon the sale, lease, license, exchange, or other  
1625 disposition of collateral;

1626 (B) whatever is collected on, or distributed on account of, collateral;

1627 (C) rights arising out of collateral;

1628 (D) to the extent of the value of collateral, claims arising out of the loss,  
1629 nonconformity, or interference with the use of, defects or infringement of rights in, or damage to,  
1630 the collateral; or

1631 (E) to the extent of the value of collateral and to the extent payable to the  
1632 debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects  
1633 or infringement of rights in, or damage to, the collateral.

1634 (65) “Promissory note” means an instrument that evidences a promise to pay a  
1635 monetary obligation, does not evidence an order to pay, and does not contain an  
1636 acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

1637 (66) “Proposal” means a record authenticated by a secured party which includes  
1638 the terms on which the secured party is willing to accept collateral in full or partial satisfaction of  
1639 the obligation it secures pursuant to Sections 9-620, 9-621, and 9-622.

1640 (67) “Public-finance transaction” means a secured transaction in connection with  
1641 which:

1642 (A) debt securities are issued;

1643 (B) all or a portion of the securities issued have an initial stated maturity  
1644 of at least 20 years; and

1645 (C) the debtor, obligor, secured party, account debtor or other person  
1646 obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a  
1647 security interest is a State or a governmental unit of a State.

1648 (68) “Public organic record” means a record that is available to the public for  
1649 inspection and is:

1650 (A) a record consisting of the record initially filed with or issued by a  
1651 State or the United States to form or organize an organization and any record filed with or issued  
1652 by the State or the United States which amends or restates the initial record;

1653 (B) an organic record of a business trust consisting of the record initially  
1654 filed with a State and any record filed with the State which amends or restates the initial record,  
1655 if a statute of the State governing business trusts requires that the record be filed with the State;  
1656 or

1657 (C) a record consisting of legislation enacted by the legislature of a State  
1658 or the Congress of the United States which forms or organizes an organization, any record  
1659 amending the legislation, and any record filed with or issued by the State or the United States  
1660 which amends or restates the name of the organization.

1661 (68) (69) “Pursuant to commitment”, with respect to an advance made or other  
1662 value given by a secured party, means pursuant to the secured party’s obligation, whether or not  
1663 a subsequent event of default or other event not within the secured party’s control has relieved or  
1664 may relieve the secured party from its obligation.

1665 (69) (70) “Record”, except as used in “for record”, “of record”, “record or legal  
1666 title”, and “record owner”, means information that is inscribed on a tangible medium or which is  
1667 stored in an electronic or other medium and is retrievable in perceivable form.

1668 (70) (71) “Registered organization” means an organization formed or organized  
1669 solely under the law of a single State or the United States and as to which the State or the United  
1670 States must maintain a public record showing the organization to have been organized by the  
1671 filing of a public organic record with, the issuance of a public organic record by, or the

1672 enactment of legislation by the State or the United States. The term includes a business trust that  
1673 is formed or organized under the law of a single State if a statute of the State governing business  
1674 trusts requires that the business trust's organic record be filed with the State.

1675 (71) (72) "Secondary obligor" means an obligor to the extent that:

1676 (A) the obligor's obligation is secondary; or

1677 (B) the obligor has a right of recourse with respect to an obligation  
1678 secured by collateral against the debtor, another obligor, or property of either.

1679 (72) (73) "Secured party" means:

1680 (A) a person in whose favor a security interest is created or provided for  
1681 under a security agreement, whether or not any obligation to be secured is outstanding;

1682 (B) a person that holds an agricultural lien;

1683 (C) a consignor;

1684 (D) a person to which accounts, chattel paper, payment intangibles, or  
1685 promissory notes have been sold;

1686 (E) a trustee, indenture trustee, agent, collateral agent, or other  
1687 representative in whose favor a security interest or agricultural lien is created or provided for; or

1688 (F) a person that holds a security interest arising under Section 2-401, 2-  
1689 505, 2-711(3), 2A-508(5), 4-210, or 5-118.

1690 (73) (74) “Security agreement” means an agreement that creates or provides for a  
1691 security interest.

1692 (74) (75) “Send”, in connection with a record or notification, means:

1693 (A) to deposit in the mail, deliver for transmission, or transmit by any  
1694 other usual means of communication, with postage or cost of transmission provided for,  
1695 addressed to any address reasonable under the circumstances; or

1696 (B) to cause the record or notification to be received within the time that it  
1697 would have been received if properly sent under subparagraph (A).

1698 (75) (76) “Software” means a computer program and any supporting information  
1699 provided in connection with a transaction relating to the program. The term does not include a  
1700 computer program that is included in the definition of goods.

1701 (76) (77) “State” means a State of the United States, the District of Columbia,  
1702 Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the  
1703 jurisdiction of the United States.

1704 (77) (78) “Supporting obligation” means a letter-of-credit right or secondary  
1705 obligation that supports the payment or performance of an account, chattel paper, a document, a  
1706 general intangible, an instrument, or investment property.

1707 (78) (79) “Tangible chattel paper” means chattel paper evidenced by a record or  
1708 records consisting of information that is inscribed on a tangible medium.

1709 (79)(80) “Termination statement” means an amendment of a financing statement  
1710 which:

1711 (A) identifies, by its file number, the initial financing statement to which it  
1712 relates; and

1713 (B) indicates either that it is a termination statement or that the identified  
1714 financing statement is no longer effective.

1715 (80) (81) “Transmitting utility” means a person primarily engaged in the business  
1716 of:

1717 (A) operating a railroad, subway, street railway, or trolley bus;

1718 (B) transmitting communications electrically, electromagnetically, or by  
1719 light;

1720 (C) transmitting goods by pipeline or sewer; or

1721 (D) transmitting or producing and transmitting electricity, steam, gas, or  
1722 water.

1723 (b) Definitions in other articles. “Control” as provided in Section 7-106 and the  
1724 following definitions in other articles apply to this article:

1725 “Applicant” Section 5-102.

1726 “Beneficiary” Section 5-102.

1727 “Broker” Section 8-102.

1728 “Certificated security” Section 8-102.

1729 “Check” Section 3-104.

1730	“Clearing corporation”	Section 8-102.
1731	“Contract for sale”	Section 2-106.
1732	“Customer”	Section 4-104.
1733	“Entitlement holder”	Section 8-102.
1734	“Financial asset”	Section 8-102.
1735	“Holder in due course”	Section 3-302.
1736	“Issuer” (with respect to a letter of credit or letter-of-credit right)	Section 5-102.
1737	“Issuer” (with respect to a security)	Section 8-201.
1738	“Issuer” (with respect to a document of title)	Section 7-102.
1739	“Lease”	Section 2A-
1740	103.	
1741	“Lease agreement”	Section 2A-103.
1742	“Lease contract”	Section 2A-103.
1743	“Leasehold interest”	Section 2A-103.
1744	“Lessee”	Section 2A-103.
1745	“Lessee in ordinary course of business”	Section 2A-
1746	103.	
1747	“Lessor”	Section 2A-103.



1748	“Lessor’s residual interest”	Section 2A-103.
1749	“Letter of credit”	Section 5-102.
1750	“Merchant”	Section 2-104.
1751	“Negotiable instrument”	Section 3-104.
1752	“Nominated person”	Section 5-102.
1753	“Note”	Section 3-104.
1754	“Proceeds of a letter of credit”	Section 5-114.
1755	“Prove”	Section 3-103.
1756	“Sale”	Section 2-106.
1757	“Securities account”	Section 8-501.
1758	“Securities intermediary”	Section 8-102.
1759	“Security”	Section 8-102.
1760	“Security certificate”	Section 8-102.
1761	“Security entitlement”	Section 8-102.
1762	“Uncertificated security”	Section 8-102.
1763	(c) Article 1 definitions and principles. Article 1 contains general definitions and	
1764	principles of construction and interpretation applicable throughout this article.	
1765	* * *	

1766 SECTION 9-105. CONTROL OF ELECTRONIC CHATTEL PAPER

1767 (a) General rule: control of electronic chattel paper. A secured party has control of  
1768 electronic chattel paper if a system employed for evidencing the transfer of interests in the  
1769 chattel paper reliably establishes the secured party as the person to which the chattel paper was  
1770 assigned.

1771 (b) Specific facts giving control. A system satisfies subsection (a) if the record or  
1772 records comprising the chattel paper are created, stored, and assigned in such a manner that:

1773 (1) a single authoritative copy of the record or records exists which is unique,  
1774 identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

1775 (2) the authoritative copy identifies the secured party as the assignee of the record  
1776 or records;

1777 (3) the authoritative copy is communicated to and maintained by the secured party  
1778 or its designated custodian;

1779 (4) copies or revisions amendments that add or change an identified assignee of  
1780 the authoritative copy can be made only with the participation consent of the secured party;

1781 (5) each copy of the authoritative copy and any copy of a copy is readily  
1782 identifiable as a copy that is not the authoritative copy; and

1783 (6) any revision amendment of the authoritative copy is readily identifiable as an  
1784 authorized or unauthorized revision.

1785 \* \* \*

1786 PART 3 PERFECTION AND PRIORITY

1787 SUBPART 1. LAW GOVERNING PERFECTION AND PRIORITY

1788 \* \* \*

1789 SECTION 9-307. LOCATION OF

1790 (a) “Place of business.” In this section, “place of business” means a place where a  
1791 debtor conducts its affairs.

1792 (b) Debtor’s location: general rules. Except as otherwise provided in this section, the  
1793 following rules determine a debtor’s location:

1794 (1) A debtor who is an individual is located at the individual’s principal  
1795 residence.

1796 (2) A debtor that is an organization and has only one place of business is located  
1797 at its place of business.

1798 (3) A debtor that is an organization and has more than one place of business is  
1799 located at its chief executive office.

1800 (c) Limitation of applicability of subsection (b). Subsection (b) applies only if a debtor’s  
1801 residence, place of business, or chief executive office, as applicable, is located in a jurisdiction  
1802 whose law generally requires information concerning the existence of a nonpossessory security  
1803 interest to be made generally available in a filing, recording, or registration system as a condition  
1804 or result of the security interest’s obtaining priority over the rights of a lien creditor with respect

1805 to the collateral. If subsection (b) does not apply, the debtor is located in the District of  
1806 Columbia.

1807 (d) Continuation of location: cessation of existence, etc. A person that ceases to exist,  
1808 have a residence, or have a place of business continues to be located in the jurisdiction specified  
1809 by subsections (b) and (c).

1810 (e) Location of registered organization organized under State law. A registered  
1811 organization that is organized under the law of a State is located in that State.

1812 (f) Location of registered organization organized under federal law; bank branches and  
1813 agencies. Except as otherwise provided in subsection (i), a registered organization that is  
1814 organized under the law of the United States and a branch or agency of a bank that is not  
1815 organized under the law of the United States or a State are located:

1816 (1) in the State that the law of the United States designates, if the law designates a  
1817 State of location;

1818 (2) in the State that the registered organization, branch, or agency designates, if  
1819 the law of the United States authorizes the registered organization, branch, or agency to  
1820 designate its State of location, including by designating its main office, home office, or other  
1821 comparable office; or

1822 (3) in the District of Columbia, if neither paragraph (1) nor paragraph (2) applies.

1823 (g) Continuation of location: change in status of registered organization. A registered  
1824 organization continues to be located in the jurisdiction specified by subsection (e) or (f)  
1825 notwithstanding:

1826 (1) the suspension, revocation, forfeiture, or lapse of the registered organization's  
1827 status as such in its jurisdiction of organization; or

1828 (2) the dissolution, winding up, or cancellation of the existence of the registered  
1829 organization.

1830 (h) Location of United States. The United States is located in the District of Columbia.

1831 (i) Location of foreign bank branch or agency if licensed in only one state. A branch or  
1832 agency of a bank that is not organized under the law of the United States or a State is located in  
1833 the State in which the branch or agency is licensed, if all branches and agencies of the bank are  
1834 licensed in only one State.

1835 (j) Location of foreign air carrier. A foreign air carrier under the Federal Aviation Act of  
1836 1958, as amended, is located at the designated office of the agent upon which service of process  
1837 may be made on behalf of the carrier.

1838 (k) Section applies only to this part. This section applies only for purposes of this part.

1839 \* \* \*

## 1840 SUBPART 2. PERFECTION

### 1841 SECTION 9-311. PERFECTION OF SECURITY INTERESTS IN PROPERTY

#### 1842 SUBJECT TO CERTAIN STATUTES, REGULATIONS, AND TREATIES.

1843 (a) Security interest subject to other law. Except as otherwise provided in subsection (d),  
1844 the filing of a financing statement is not necessary or effective to perfect a security interest in  
1845 property subject to:

1846 (1) a statute, regulation, or treaty of the United States whose requirements for a  
1847 security interest's obtaining priority over the rights of a lien creditor with respect to the property  
1848 preempt Section 9-310(a);

1849 (2) chapter 90B or chapter 90D; or

1850 (3) a certificate of title statute of another jurisdiction which provides for a security  
1851 interest to be indicated on the a certificate of title as a condition or result of the security interest's  
1852 obtaining priority over the rights of a lien creditor with respect to the property.

1853 (b) Compliance with other law. Compliance with the requirements of a statute,  
1854 regulation, or treaty described in subsection (a) for obtaining priority over the rights of a lien  
1855 creditor is equivalent to the filing of a financing statement under this article. Except as otherwise  
1856 provided in subsection (d) and Sections 9-313 and 9-316(d) and (e) for goods covered by a  
1857 certificate of title, a security interest in property subject to a statute, regulation, or treaty  
1858 described in subsection (a) may be perfected only by compliance with those requirements, and a  
1859 security interest so perfected remains perfected notwithstanding a change in the use or transfer of  
1860 possession of the collateral.

1861 (c) Duration and renewal of perfection. Except as otherwise provided in subsection (d)  
1862 and Section 9-316(d) and (e), duration and renewal of perfection of a security interest perfected  
1863 by compliance with the requirements prescribed by a statute, regulation, or treaty described in  
1864 subsection (a) are governed by the statute, regulation, or treaty. In other respects, the security  
1865 interest is subject to this article.

1866 (d) Inapplicability to certain inventory. During any period in which collateral subject to  
1867 a statute specified in subsection (a)(2) is inventory held for sale or lease by a person or leased by

1868 that person as lessor and that person is in the business of selling goods of that kind, this section  
1869 does not apply to a security interest in that collateral created by that person.

1870 SECTION 9-316. CONTINUED PERFECTION OF SECURITY INTEREST  
1871 FOLLOWING EFFECT OF CHANGE IN GOVERNING LAW.

1872 (a) General rule: effect on perfection of change in governing law. A security interest  
1873 perfected pursuant to the law of the jurisdiction designated in Section 9-301(1) or 9-305(c)  
1874 remains perfected until the earliest of:

1875 (1) the time perfection would have ceased under the law of that jurisdiction;

1876 (2) the expiration of four months after a change of the debtor's location to another  
1877 jurisdiction; or

1878 (3) the expiration of one year after a transfer of collateral to a person that thereby  
1879 becomes a debtor and is located in another jurisdiction.

1880 (b) Security interest perfected or unperfected under law of new jurisdiction. If a security  
1881 interest described in subsection (a) becomes perfected under the law of the other jurisdiction  
1882 before the earliest time or event described in that subsection, it remains perfected thereafter. If  
1883 the security interest does not become perfected under the law of the other jurisdiction before the  
1884 earliest time or event, it becomes unperfected and is deemed never to have been perfected as  
1885 against a purchaser of the collateral for value.

1886 (c) Possessory security interest in collateral moved to new jurisdiction. A possessory  
1887 security interest in collateral, other than goods covered by a certificate of title and as-extracted  
1888 collateral consisting of goods, remains continuously perfected if:

1889 (1) the collateral is located in one jurisdiction and subject to a security interest  
1890 perfected under the law of that jurisdiction;

1891 (2) thereafter the collateral is brought into another jurisdiction; and

1892 (3) upon entry into the other jurisdiction, the security interest is perfected under  
1893 the law of the other jurisdiction.

1894 (d) Goods covered by certificate of title from this state. Except as otherwise provided in  
1895 subsection (e), a security interest in goods covered by a certificate of title which is perfected by  
1896 any method under the law of another jurisdiction when the goods become covered by a  
1897 certificate of title from this State remains perfected until the security interest would have become  
1898 unperfected under the law of the other jurisdiction had the goods not become so covered.

1899 (e) When subsection (d) security interest becomes unperfected against purchasers. A  
1900 security interest described in subsection (d) becomes unperfected as against a purchaser of the  
1901 goods for value and is deemed never to have been perfected as against a purchaser of the goods  
1902 for value if the applicable requirements for perfection under Section 9-311(b) or 9-313 are not  
1903 satisfied before the earlier of:

1904 (1) the time the security interest would have become unperfected under the law of  
1905 the other jurisdiction had the goods not become covered by a certificate of title from this State;  
1906 or

1907 (2) the expiration of four months after the goods had become so covered.

1908 (f) Change in jurisdiction of bank, issuer, nominated person, securities intermediary, or  
1909 commodity intermediary. A security interest in deposit accounts, letter-of-credit rights, or



1910 investment property which is perfected under the law of the bank's jurisdiction, the issuer's  
1911 jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the  
1912 commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

1913 (1) the time the security interest would have become unperfected under the law of  
1914 that jurisdiction; or

1915 (2) the expiration of four months after a change of the applicable jurisdiction to  
1916 another jurisdiction.

1917 (g) Subsection (f) security interest perfected or unperfected under law of new  
1918 jurisdiction. If a security interest described in subsection (f) becomes perfected under the law of  
1919 the other jurisdiction before the earlier of the time or the end of the period described in that  
1920 subsection, it remains perfected thereafter. If the security interest does not become perfected  
1921 under the law of the other jurisdiction before the earlier of that time or the end of that period, it  
1922 becomes unperfected and is deemed never to have been perfected as against a purchaser of the  
1923 collateral for value.

1924 (h) Effect on filed financing statement of change in governing law. The following rules  
1925 apply to collateral to which a security interest attaches within four months after the debtor  
1926 changes its location to another jurisdiction:

1927 (1) A financing statement filed before the change pursuant to the law of the  
1928 jurisdiction designated in Section 9-301(1) or 9-305(c) is effective to perfect a security interest in  
1929 the collateral if the financing statement would have been effective to perfect a security interest in  
1930 the collateral had the debtor not changed its location.

1931                   (2) If a security interest perfected by a financing statement that is effective under  
1932 paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the  
1933 time the financing statement would have become ineffective under the law of the jurisdiction  
1934 designated in Section 9-301(1) or 9-305(c) or the expiration of the four-month period, it remains  
1935 perfected thereafter. If the security interest does not become perfected under the law of the other  
1936 jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have  
1937 been perfected as against a purchaser of the collateral for value.

1938                   (i) Effect of change in governing law on financing statement filed against original  
1939 debtor. If a financing statement naming an original debtor is filed pursuant to the law of the  
1940 jurisdiction designated in Section 9-301(1) or 9-305(c) and the new debtor is located in another  
1941 jurisdiction, the following rules apply:

1942                   (1) The financing statement is effective to perfect a security interest in collateral  
1943 acquired by the new debtor before, and within four months after, the new debtor becomes bound  
1944 under Section 9-203(d), if the financing statement would have been effective to perfect a security  
1945 interest in the collateral had the collateral been acquired by the original debtor.

1946                   (2) A security interest perfected by the financing statement and which becomes  
1947 perfected under the law of the other jurisdiction before the earlier of the time the financing  
1948 statement would have become ineffective under the law of the jurisdiction designated in Section  
1949 9-301(1) or 9-305(c) or the expiration of the four-month period remains perfected thereafter. A  
1950 security interest that is perfected by the financing statement but which does not become perfected  
1951 under the law of the other jurisdiction before the earlier time or event becomes unperfected and  
1952 is deemed never to have been perfected as against a purchaser of the collateral for value.

1953           SUBPART 3. PRIORITY

1954           SECTION 9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF  
1955 SECURITY INTEREST OR AGRICULTURAL LIEN.

1956           (a) Conflicting security interests and rights of lien creditors. A security interest or  
1957 agricultural lien is subordinate to the rights of:

1958                   (1) a person entitled to priority under Section 9-322; and

1959                   (2) except as otherwise provided in subsection (e), a person that becomes a lien  
1960 creditor before the earlier of the time:

1961                           (A) the security interest or agricultural lien is perfected; or

1962                           (B) one of the conditions specified in Section 9-203(b)(3) is met and a  
1963 financing statement covering the collateral is filed.

1964           (b) Buyers that receive delivery. Except as otherwise provided in subsection (e), a  
1965 buyer, other than a secured party, of tangible chattel paper, tangible documents, goods,  
1966 instruments, or a security certificate certificated security takes free of a security interest or  
1967 agricultural lien if the buyer gives value and receives delivery of the collateral without  
1968 knowledge of the security interest or agricultural lien and before it is perfected.

1969           (c) Lessees that receive delivery. Except as otherwise provided in subsection (e), a  
1970 lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and  
1971 receives delivery of the collateral without knowledge of the security interest or agricultural lien  
1972 and before it is perfected.

1973 (d) Licensees and buyers of certain collateral. A licensee of a general intangible or a  
1974 buyer, other than a secured party, of accounts, electronic chattel paper, electronic documents,  
1975 general intangibles, or investment property collateral other than tangible chattel paper, tangible  
1976 documents, goods, instruments, or a certificated security takes free of a security interest if the  
1977 licensee or buyer gives value without knowledge of the security interest and before it is  
1978 perfected.

1979 SECTION 9-326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW  
1980 DEBTOR.

1981 (a) Subordination of security interest created by new debtor. Subject to subsection (b), a  
1982 security interest that is created by a new debtor which is in collateral in which the new debtor has  
1983 or acquires rights and is perfected solely by a filed financing statement that is effective solely  
1984 under Section 9-508 in collateral in which a new debtor has or acquires rights would be  
1985 ineffective to perfect the security interest but for the application of Section 9-316(i)(1) or 9-508  
1986 is subordinate to a security interest in the same collateral which is perfected other than by such a  
1987 filed financing statement that is effective solely under Section 9-508.

1988 (b) Priority under other provisions; multiple original debtors. The other provisions of  
1989 this part determine the priority among conflicting security interests in the same collateral  
1990 perfected by filed financing statements that are effective solely under Section 9-508 described in  
1991 subsection (a). However, if the security agreements to which a new debtor became bound as  
1992 debtor were not entered into by the same original debtor, the conflicting security interests rank  
1993 according to priority in time of the new debtor's having become bound.

1994 PART 4 RIGHTS OF THIRD PARTIES

1995 \* \* \*

1996 SECTION 9-406. DISCHARGE OF ACCOUNT DEBTOR; NOTIFICATION OF  
1997 ASSIGNMENT; IDENTIFICATION AND PROOF OF ASSIGNMENT; RESTRICTIONS ON  
1998 ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, AND  
1999 PROMISSORY NOTES INEFFECTIVE.

2000 (a) Discharge of account debtor; effect of notification. Subject to subsections (b)  
2001 through (i), an account debtor on an account, chattel paper, or a payment intangible may  
2002 discharge its obligation by paying the assignor until, but not after, the account debtor receives a  
2003 notification, authenticated by the assignor or the assignee, that the amount due or to become due  
2004 has been assigned and that payment is to be made to the assignee. After receipt of the  
2005 notification, the account debtor may discharge its obligation by paying the assignee and may not  
2006 discharge the obligation by paying the assignor.

2007 (b) When notification ineffective. Subject to subsection (h), notification is ineffective  
2008 under subsection (a):

2009 (1) if it does not reasonably identify the rights assigned;

2010 (2) to the extent that an agreement between an account debtor and a seller of a  
2011 payment intangible limits the account debtor's duty to pay a person other than the seller and the  
2012 limitation is effective under law other than this article; or

2013 (3) at the option of an account debtor, if the notification notifies the account  
2014 debtor to make less than the full amount of any installment or other periodic payment to the  
2015 assignee, even if:

2016 (A) only a portion of the account, chattel paper, or payment intangible has  
2017 been assigned to that assignee;

2018 (B) a portion has been assigned to another assignee; or

2019 (C) the account debtor knows that the assignment to that assignee is  
2020 limited.

2021 (c) Proof of assignment. Subject to subsection (h), if requested by the account debtor, an  
2022 assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless  
2023 the assignee complies, the account debtor may discharge its obligation by paying the assignor,  
2024 even if the account debtor has received a notification under subsection (a).

2025 (d) Term restricting assignment generally ineffective. Except as otherwise provided in  
2026 subsection (e) and Sections 2A-303 and 9-407, and subject to subsection (h), a term in an  
2027 agreement between an account debtor and an assignor or in a promissory note is ineffective to  
2028 the extent that it:

2029 (1) prohibits, restricts, or requires the consent of the account debtor or person  
2030 obligated on the promissory note to the assignment or transfer of, or the creation, attachment,  
2031 perfection, or enforcement of a security interest in, the account, chattel paper, payment  
2032 intangible, or promissory note; or

2033 (2) provides that the assignment or transfer or the creation, attachment, perfection,  
2034 or enforcement of the security interest may give rise to a default, breach, right of recoupment,  
2035 claim, defense, termination, right of termination, or remedy under the account, chattel paper,  
2036 payment intangible, or promissory note.

2037 (e) Inapplicability of subsection (d) to certain sales. Subsection (d) does not apply to the  
2038 sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under  
2039 Section 9-610 or an acceptance of collateral under Section 9-620.

2040 (f) Legal restrictions on assignment generally ineffective. Except as otherwise provided  
2041 in Sections 2A-303 and 9-407 and subject to subsections (h) and (i), a rule of law, statute, or  
2042 regulation that prohibits, restricts, or requires the consent of a government, governmental body or  
2043 official, or account debtor to the assignment or transfer of, or creation of a security interest in, an  
2044 account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

2045 (1) prohibits, restricts, or requires the consent of the government, governmental  
2046 body or official, or account debtor to the assignment or transfer of, or the creation, attachment,  
2047 perfection, or enforcement of a security interest in the account or chattel paper; or

2048 (2) provides that the assignment or transfer or the creation, attachment, perfection,  
2049 or enforcement of the security interest may give rise to a default, breach, right of recoupment,  
2050 claim, defense, termination, right of termination, or remedy under the account or chattel paper.

2051 (g) Subsection (b)(3) not waivable. Subject to subsection (h), an account debtor may not  
2052 waive or vary its option under subsection (b)(3).

2053 (h) Rule for individual under other law. This section is subject to law other than this  
2054 article which establishes a different rule for an account debtor who is an individual and who  
2055 incurred the obligation primarily for personal, family, or household purposes.

2056 (i) Inapplicability. This section does not apply to:

2057 (1) an assignment of a health-care-insurance receivable, or

2058 (2) an assignment or transfer of or creation of a security interest in:

2059 (A) a claim or right to receive compensation for injuries or sickness as  
2060 described in 26 U.S.C. § 104(a)(1) or (2), as amended from time to time, or

2061 (B) a claim or right to receive benefits under a special needs trust as  
2062 described in 42 U.S.C. § 1396p(d)(4), as amended from time to time.

2063 (j) Section prevails over inconsistent law. Except as otherwise provided in subsection (i),  
2064 this section prevails over any inconsistent provision of an existing or future statute, rule or  
2065 regulation of the commonwealth unless the provision is contained in a statute of the  
2066 commonwealth, refers expressly to this section and states that the provision prevails over this  
2067 section.

2068 SECTION 9-408. RESTRICTIONS ON ASSIGNMENT OF PROMISSORY NOTES,  
2069 HEALTH-CARE-INSURANCE RECEIVABLES, AND CERTAIN GENERAL  
2070 INTANGIBLES INEFFECTIVE.

2071 (a) Term restricting assignment generally ineffective. Except as otherwise provided in  
2072 subsection (b), a term in a promissory note or in an agreement between an account debtor and a  
2073 debtor which relates to a health-care-insurance receivable or a general intangible, including a  
2074 contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent  
2075 of the person obligated on the promissory note or the account debtor to, the assignment or  
2076 transfer of, or creation, attachment, or perfection of a security interest in, the promissory note,  
2077 health-care-insurance receivable, or general intangible, is ineffective to the extent that the term:

2078 (1) would impair the creation, attachment, or perfection of a security interest; or



2079 (2) provides that the assignment or transfer or the creation, attachment, or  
2080 perfection of the security interest may give rise to a default, breach, right of recoupment, claim,  
2081 defense, termination, right of termination, or remedy under the promissory note, health-care-  
2082 insurance receivable, or general intangible.

2083 (b) Applicability of subsection (a) to sales of certain rights to payment. Subsection (a)  
2084 applies to a security interest in a payment intangible or promissory note only if the security  
2085 interest arises out of a sale of the payment intangible or promissory note, other than a sale  
2086 pursuant to a disposition under Section 9-610 or an acceptance of collateral under Section 9-620.

2087 (c) Legal restrictions on assignment generally ineffective. A rule of law, statute, or  
2088 regulation that prohibits, restricts, or requires the consent of a government, governmental body or  
2089 official, person obligated on a promissory note, or account debtor to the assignment or transfer  
2090 of, or creation of a security interest in, a promissory note, health-care-insurance receivable, or  
2091 general intangible, including a contract, permit, license, or franchise between an account debtor  
2092 and a debtor, is ineffective to the extent that the rule of law, statute, or regulation:

2093 (1) would impair the creation, attachment, or perfection of a security interest; or

2094 (2) provides that the assignment or transfer or the creation, attachment, or  
2095 perfection of the security interest may give rise to a default, breach, right of recoupment, claim,  
2096 defense, termination, right of termination, or remedy under the promissory note, health-care-  
2097 insurance receivable, or general intangible.

2098 (d) Limitation on ineffectiveness under subsections (a) and (c). To the extent that a term  
2099 in a promissory note or in an agreement between an account debtor and a debtor which relates to  
2100 a health-care-insurance receivable or general intangible or a rule of law, statute, or regulation

2101 described in subsection (c) would be effective under law other than this article but is ineffective  
2102 under subsection (a) or (c), the creation, attachment, or perfection of a security interest in the  
2103 promissory note, health-care-insurance receivable, or general intangible:

2104 (1) is not enforceable against the person obligated on the promissory note or the  
2105 account debtor;

2106 (2) does not impose a duty or obligation on the person obligated on the  
2107 promissory note or the account debtor;

2108 (3) does not require the person obligated on the promissory note or the account  
2109 debtor to recognize the security interest, pay or render performance to the secured party, or  
2110 accept payment or performance from the secured party;

2111 (4) does not entitle the secured party to use or assign the debtor's rights under the  
2112 promissory note, health-care-insurance receivable, or general intangible, including any related  
2113 information or materials furnished to the debtor in the transaction giving rise to the promissory  
2114 note, health-care-insurance receivable, or general intangible;

2115 (5) does not entitle the secured party to use, assign, possess, or have access to any  
2116 trade secrets or confidential information of the person obligated on the promissory note or the  
2117 account debtor; and

2118 (6) does not entitle the secured party to enforce the security interest in the  
2119 promissory note, health-care-insurance receivable, or general intangible.

2120 (e) Section prevails over inconsistent law. Except as otherwise provided in subsection (f),  
2121 this section prevails over any inconsistent provision of an existing or future statute, rule or

2122 regulation of the commonwealth unless the provision is contained in a statute of the  
2123 commonwealth, refers expressly to this section and states that the provision prevails over this  
2124 section.

2125 (f) Inapplicability. This section does not apply to an assignment or transfer of or creation  
2126 of a security interest in:

2127 (1) a claim or right to receive compensation for injuries or sickness as described  
2128 in 26 U.S.C. § 104(a)(1) or (2), as amended from time to time, or

2129 (2) a claim or right to receive benefits under a special needs trust as described in  
2130 42 U.S.C. § 1396p(d)(4), as amended from time to time.

2131 PART 5 FILING

2132 SUBPART 1. FILING OFFICE; CONTENTS AND EFFECTIVENESS OF  
2133 FINANCING STATEMENT

2134 SECTION 9-502. CONTENTS OF FINANCING STATEMENT; RECORD OF  
2135 MORTGAGE AS FINANCING STATEMENT; TIME OF FILING FINANCING  
2136 STATEMENT.

2137 (a) Sufficiency of financing statement. Subject to subsection (b), a financing statement  
2138 is sufficient only if it:

2139 (1) provides the name of the debtor;

2140 (2) provides the name of the secured party or a representative of the secured party;

2141 and

2142 (3) indicates the collateral covered by the financing statement.

2143 (b) Real-property-related financing statements. Except as otherwise provided in Section  
2144 9-501(b), to be sufficient, a financing statement that covers as-extracted collateral or timber to be  
2145 cut, or which is filed as a fixture filing and covers goods that are or are to become fixtures, must  
2146 satisfy subsection (a) and also:

2147 (1) indicate that it covers this type of collateral;

2148 (2) indicate that it is to be filed in the real property records;

2149 (3) provide a description of the real property to which the collateral is related  
2150 sufficient to give constructive notice of a mortgage under the law of this state if the description  
2151 were contained in a record of the mortgage of the real property; a reference to book and page  
2152 number, in the case of unregistered land under chapter 36, or to the document number, in the  
2153 case of registered land governed by chapter 185, by which the record owner acquired title to the  
2154 real property shall be sufficient for such purpose; and

2155 (4) if the debtor does not have an interest of record in the real property, provide  
2156 the name of a record owner.

2157 (c) Record of mortgage as financing statement. A record of a mortgage is effective, from  
2158 the date of recording, as a financing statement filed as a fixture filing or as a financing statement  
2159 covering as-extracted collateral or timber to be cut only if:

2160 (1) the record indicates the goods or accounts that it covers;

2161 (2) the goods are or are to become fixtures related to the real property described in  
2162 the record or the collateral is related to the real property described in the record and is as-  
2163 extracted collateral or timber to be cut;

2164 (3) the record satisfies the requirements for a financing statement in this section,  
2165 but:

2166 (A) the record need not indicate other than an indication that it is to be  
2167 filed in the real property records; and

2168 (B) the record sufficiently provides the name of a debtor who is an  
2169 individual if it provides the individual name of the debtor or the surname and first personal name  
2170 of the debtor, even if the debtor is an individual to whom Section 9-503(a)(4) applies; and

2171 (4) the record is duly recorded.

2172 (d) Filing before security agreement or attachment. A financing statement may be filed  
2173 before a security agreement is made or a security interest otherwise attaches.

2174 SECTION 9-503. NAME OF DEBTOR AND SECURED PARTY.

2175 (a) Sufficiency of debtor's name. A financing statement sufficiently provides the name  
2176 of the debtor:

2177 (1) except as otherwise provided in paragraph (3), if the debtor is a registered  
2178 organization or the collateral is held in a trust that is a registered organization, only if the  
2179 financing statement provides the name of the debtor indicated that is stated to be the registered  
2180 organization's name on the public organic record of most recently filed with or issued or enacted

2181 by the debtor's registered organization's jurisdiction of organization which shows the debtor to  
2182 have been organized purports to state, amend, or restate the registered organization's name;

2183 (2) subject to subsection (f), if the debtor is a decedent's estate collateral is being  
2184 administered by the personal representative of a decedent, only if the financing statement  
2185 provides, as the name of the debtor, the name of the decedent and, in a separate part of the  
2186 financing statement, indicates that the debtor is an estate collateral is being administered by a  
2187 personal representative;

2188 (3) if the debtor is a trust or a trustee acting with respect to property held in trust,  
2189 only if the financing statement:

2190 (A) provides the name specified for the trust in its organic documents or, if  
2191 no name is specified, provides the name of the settlor and additional information sufficient to  
2192 distinguish the debtor from other trusts having one or more of the same settlors; and

2193 (B) indicates, in the debtor's name or otherwise, that the debtor is a trust  
2194 or is a trustee acting with respect to property held in trust; collateral is held in a trust that is not a  
2195 registered organization, only if the financing statement:

2196 (A) provides, as the name of the debtor:

2197 (i) if the organic record of the trust specifies a name for the trust,  
2198 the name specified; or

2199 (ii) if the organic record of the trust does not specify a name for the  
2200 trust, the name of the settlor or testator; and

2201 (B) in a separate part of the financing statement:

2202 (i) if the name is provided in accordance with subparagraph (A)(i),  
2203 indicates that the collateral is held in a trust; or

2204 (ii) if the name is provided in accordance with subparagraph  
2205 (A)(ii), provides additional information sufficient to distinguish the trust from other trusts having  
2206 one or more of the same settlors or the same testator and indicates that the collateral is held in a  
2207 trust, unless the additional information so indicates;

2208 (4) subject to subsection (g), if the debtor is an individual to whom this State has  
2209 issued a driver's license or Massachusetts identification card that has not expired, only if the  
2210 financing statement provides the name of the individual which is indicated on the driver's license  
2211 or Massachusetts identification card;

2212 (5) if the debtor is an individual to whom paragraph (4) does not apply, only if the  
2213 financing statement provides the individual name of the debtor or the surname and first personal  
2214 name of the debtor; and

2215 (4) (6) in other cases:

2216 (A) if the debtor has a name, only if it the financing statement provides the  
2217 individual or organizational name of the debtor; and

2218 (B) if the debtor does not have a name, only if it provides the names of the  
2219 partners, members, associates, or other persons comprising the debtor, in a manner that each  
2220 name provided would be sufficient if the person named were the debtor.

2221 (b) Additional debtor-related information. A financing statement that provides the name  
2222 of the debtor in accordance with subsection (a) is not rendered ineffective by the absence of:

2223 (1) a trade name or other name of the debtor; or

2224 (2) unless required under subsection (a)(46)(B), names of partners, members,  
2225 associates, or other persons comprising the debtor.

2226 (c) Debtor's trade name insufficient. A financing statement that provides only the  
2227 debtor's trade name does not sufficiently provide the name of the debtor.

2228 (d) Representative capacity. Failure to indicate the representative capacity of a secured  
2229 party or representative of a secured party does not affect the sufficiency of a financing statement.

2230 (e) Multiple debtors and secured parties. A financing statement may provide the name of  
2231 more than one debtor and the name of more than one secured party.

2232 (f) Name of decedent. The name of the decedent indicated on the order appointing the  
2233 personal representative of the decedent issued by the court having jurisdiction over the collateral  
2234 is sufficient as the "name of the decedent" under subsection (a)(2).

2235 (g) Multiple driver's licenses. If this State has issued to an individual more than one  
2236 driver's license or Massachusetts identification card of a kind described in subsection (a)(4), the  
2237 one that was issued most recently is the one to which subsection (a)(4) refers.

2238 (h) Definition. In this section, the "name of the settlor or testator" means:

2239 (1) if the settlor is a registered organization, the name that is stated to be the  
2240 settlor's name on the public organic record most recently filed with or issued or enacted by the  
2241 settlor's jurisdiction of organization which purports to state, amend, or restate the settlor's name;

2242 or



2243 (2) in other cases, the name of the settlor or testator indicated in the trust's organic  
2244 record.

2245 SECTION 9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF  
2246 FINANCING STATEMENT.

2247 (a) Disposition. A filed financing statement remains effective with respect to collateral  
2248 that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest  
2249 or agricultural lien continues, even if the secured party knows of or consents to the disposition.

2250 (b) Information becoming seriously misleading Except as otherwise provided in  
2251 subsection (c) and Section 9-508, a financing statement is not rendered ineffective if, after the  
2252 financing statement is filed, the information provided in the financing statement becomes  
2253 seriously misleading under Section 9-506.

2254 (c) Change in debtor's name. If a debtor so changes its the name that a filed financing  
2255 statement provides for a debtor becomes insufficient as the name of the debtor under Section 9-  
2256 503(a) so that the financing statement becomes seriously misleading under Section 9-506:

2257 (1) the financing statement is effective to perfect a security interest in collateral  
2258 acquired by the debtor before, or within four months after, the change filed financing statement  
2259 becomes seriously misleading; and

2260 (2) the financing statement is not effective to perfect a security interest in  
2261 collateral acquired by the debtor more than four months after the change filed financing  
2262 statement becomes seriously misleading, unless an amendment to the financing statement which

2263 renders the financing statement not seriously misleading is filed within four months after the  
2264 change the financing statement became seriously misleading.

2265 SECTION 9-515. DURATION AND EFFECTIVENESS OF FINANCING  
2266 STATEMENT; EFFECT OF LAPSED FINANCING STATEMENT.

2267 (a) Five-year effectiveness. Except as otherwise provided in subsections (b), (e), (f), and  
2268 (g), a filed financing statement is effective for a period of five years after the date of filing.

2269 (b) Public-finance or manufactured-home transaction. Except as otherwise provided in  
2270 subsections (e), (f), and (g), an initial financing statement filed in connection with a public-  
2271 finance transaction or manufactured-home transaction is effective for a period of 30 years after  
2272 the date of filing if it indicates that it is filed in connection with a public-finance transaction or  
2273 manufactured-home transaction.

2274 (c) Lapse and continuation of financing statement. The effectiveness of a filed financing  
2275 statement lapses on the expiration of the period of its effectiveness unless before the lapse a  
2276 continuation statement is filed pursuant to subsection (d). Upon lapse, a financing statement  
2277 ceases to be effective and any security interest or agricultural lien that was perfected by the  
2278 financing statement becomes unperfected, unless the security interest is perfected otherwise. If  
2279 the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to  
2280 have been perfected as against a purchaser of the collateral for value.

2281 (d) When continuation statement may be filed. A continuation statement may be filed  
2282 only within six months before the expiration of the five-year period specified in subsection (a) or  
2283 the 30-year period specified in subsection (b), whichever is applicable.

2284 (e) Effect of filing continuation statement. Except as otherwise provided in Section 9-  
2285 510, upon timely filing of a continuation statement, the effectiveness of the initial financing  
2286 statement continues for a period of five years commencing on the day on which the financing  
2287 statement would have become ineffective in the absence of the filing. Upon the expiration of the  
2288 five-year period, the financing statement lapses in the same manner as provided in subsection (c),  
2289 unless, before the lapse, another continuation statement is filed pursuant to subsection (d).  
2290 Succeeding continuation statements may be filed in the same manner to continue the  
2291 effectiveness of the initial financing statement.

2292 (f) Transmitting utility financing statement. If a debtor is a transmitting utility and a  
2293 filed initial financing statement so indicates, the financing statement is effective until a  
2294 termination statement is filed.

2295 (g) Record of mortgage as financing statement. A record of a mortgage that is effective  
2296 as a financing statement filed as a fixture filing under Section 9-502(c) remains effective as a  
2297 financing statement filed as a fixture filing until the mortgage is released or satisfied of record or  
2298 its effectiveness otherwise terminates as to the real property.

2299 SECTION 9-516. WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING.

2300 (a) What constitutes filing. Except as otherwise provided in subsection (b),  
2301 communication of a record to a filing office and tender of the filing fee or acceptance of the  
2302 record by the filing office constitutes filing.

2303 (b) Refusal to accept record; filing does not occur. Filing does not occur with respect to  
2304 a record that a filing office refuses to accept because:

2305 (1) the record is not communicated by a method or medium of communication  
2306 authorized by the filing office;

2307 (2) an amount equal to or greater than the applicable filing fee is not tendered;

2308 (3) the filing office is unable to index the record because:

2309 (A) in the case of an initial financing statement, the record does not  
2310 provide a name for the debtor;

2311 (B) in the case of an amendment or information statement, the record:

2312 (i) does not identify the initial financing statement as required by  
2313 Section 9-512 or 9-518, as applicable; or

2314 (ii) identifies an initial financing statement whose effectiveness has  
2315 lapsed under Section 9-515;

2316 (C) in the case of an initial financing statement that provides the name of a  
2317 debtor identified as an individual or an amendment that provides a name of a debtor identified as  
2318 an individual which was not previously provided in the financing statement to which the record  
2319 relates, the record does not identify the debtor's last name surname; or

2320 (D) in the case of a record filed in the filing office described in Section 9-  
2321 501(a)(1), the record does not provide a sufficient description of the real property to which it  
2322 relates;

2323 (4) in the case of an initial financing statement or an amendment that adds a  
2324 secured party of record, the record does not provide a name and mailing address for the secured  
2325 party of record;

2326 (5) in the case of an initial financing statement or an amendment that provides a  
2327 name of a debtor which was not previously provided in the financing statement to which the  
2328 amendment relates, the record does not:

2329 (A) provide a mailing address for the debtor; or

2330 (B) indicate whether the name provided as the name of the debtor is the  
2331 name of an individual or an organization; or

2332 (C) if the financing statement indicates that the debtor is an organization,  
2333 provide:

2334 (i) a type of organization for the debtor;

2335 (ii) a jurisdiction of organization for the debtor; or

2336 (iii) an organizational identification number for the debtor or  
2337 indicate that the debtor has none;

2338 (6) in the case of an assignment reflected in an initial financing statement under  
2339 Section 9-514(a) or an amendment filed under Section 9-514(b), the record does not provide a  
2340 name and mailing address for the assignee; or

2341 (7) in the case of a continuation statement, the record is not filed within the six-  
2342 month period prescribed by Section 9-515(d).

2343 (c) Rules applicable to subsection (b). For purposes of subsection (b):

2344 (1) a record does not provide information if the filing office is unable to read or  
2345 decipher the information; and

2346 (2) a record that does not indicate that it is an amendment or identify an initial  
2347 financing statement to which it relates, as required by Section 9-512, 9-514, or 9-518, is an initial  
2348 financing statement.

2349 (d) Refusal to accept record; record effective as filed record. A record that is  
2350 communicated to the filing office with tender of the filing fee, but which the filing office refuses  
2351 to accept for a reason other than one set forth in subsection (b), is effective as a filed record  
2352 except as against a purchaser of the collateral which gives value in reasonable reliance upon the  
2353 absence of the record from the files.

2354 SECTION 9-518. CLAIM CONCERNING INACCURATE OR WRONGFULLY  
2355 FILED RECORD.

2356 (a) Who may file Statement with respect to record indexed under person's name. A  
2357 person may file in the filing office a correction an information statement with respect to a record  
2358 indexed there under the person's name if the person believes that the record is inaccurate or was  
2359 wrongfully filed.

2360 (b) Sufficiency Contents of correction statement under subsection (a). A correction An  
2361 information statement under subsection (a) must:

2362 (1) identify the record to which it relates by:

2363 (A) the file number assigned to the initial financing statement to which the  
2364 record relates; and

2365 (B) if the correction information statement relates to a record filed or  
2366 recorded in a filing office described in Section 9-501(a)(1),

2367 (i) the book and page number of the initial financing statement, in  
2368 the case of unregistered land governed by chapter 36, or if a book and page number has not yet  
2369 been assigned to the initial financing statement, the instrument number of the initial financing  
2370 statement and the date on which the initial financing statement was originally filed, and the  
2371 document number of the initial financing statement, in the case of registered land governed by  
2372 chapter 185; and

2373 (ii) the information specified in Section 9-502(b);

2374 (2) indicate that it is a correction an information statement; and

2375 (3) provide the basis for the person's belief that the record is inaccurate and  
2376 indicate the manner in which the person believes the record should be amended to cure any  
2377 inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

2378 (c) Statement by secured party of record. A person may file in the filing office an  
2379 information statement with respect to a record filed there if the person is a secured party of  
2380 record with respect to the financing statement to which the record relates and believes that the  
2381 person that filed the record was not entitled to do so under Section 9-509(d).

2382 (d) Contents of statement under subsection (c). An information statement under  
2383 subsection (c) must:

2384 (1) identify the record to which it relates by:

2385 (A) the file number assigned to the initial financing statement to which the  
2386 record relates; and

2387 (B) if the information statement relates to a record filed or recorded in a  
2388 filing office described in Section 9-501(a)(1),

2389 (i) the book and page number of the initial financing statement, in  
2390 the case of unregistered land governed by chapter 36, or if a book and page number has not yet  
2391 been assigned to the initial financing statement, the instrument number of the initial financing  
2392 statement and the date on which the initial financing statement was originally filed, and the  
2393 document number of the initial financing statement, in the case of registered land governed by  
2394 chapter 185; and

2395 (ii) the information specified in Section 9-502(b);

2396 (2) indicate that it is an information statement; and

2397 (3) provide the basis for the person's belief that the person that filed the record  
2398 was not entitled to do so under Section 9-509(d).

2399 (c) (e) Record not affected by correction information statement. The filing of a  
2400 correction an information statement does not affect the effectiveness of an initial

2401 SUBPART 2. DUTIES AND OPERATION OF FILING OFFICE

2402 \* \* \*



2403 SECTION 9-521. UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND  
2404 AMENDMENT.

2405 (a) Initial financing statement form. A filing office that accepts written records may not  
2406 refuse to accept a written initial financing statement in the following form and format except for  
2407 a reason set forth in Section 9-516(b):

2408 UCC FINANCING STATEMENT

2409 FOLLOW INSTRUCTIONS

2410 A. NAME & PHONE OF CONTACT AT FILER (optional)

2411 \_\_\_\_\_

2412 B. E-MAIL CONTACT AT FILER (optional)

2413 \_\_\_\_\_

2414 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

2415 \_\_\_\_\_

2416 THE ABOVE SPACE IS FOR

2417 FILING OFFICE USE ONLY

2418 1. DEBTOR'S NAME - provide only one Debtor name (1a or 1b) (use exact, full  
2419 name; do not omit, modify, or abbreviate any word in the Debtor's name)

2420

2421 1a. ORGANIZATION'S NAME

2422 \_\_\_\_\_

2423 OR

2424 1b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2425 \_\_\_\_\_

2426 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2427 DEBTOR SUFFIX

2428 \_\_\_\_\_

2429 1c. MAILING ADDRESS

2430 \_\_\_\_\_

2431 CITY STATE POSTAL CODE COUNTRY

2432 \_\_\_\_\_

2433 2. DEBTOR'S NAME - provide only one Debtor name (2a or 2b) (use exact, full

2434 name; do not omit, modify, or abbreviate any word in the Debtor's name)

2435

2436 2a. ORGANIZATION'S NAME

2437 \_\_\_\_\_

2438 OR

2439 2b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME  
2440 \_\_\_\_\_

2441 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2442 DEBTOR SUFFIX

2443 \_\_\_\_\_

2444 \_\_\_\_\_

2445 2c. MAILING ADDRESS

2446 \_\_\_\_\_

2447 CITY STATE POSTAL CODE COUNTRY

2448 \_\_\_\_\_

2449 3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR

2450 SECURED PARTY) - provide only one Secured Party name (3a or 3b)

2451 3a. ORGANIZATION'S NAME

2452 \_\_\_\_\_

2453 OR

2454 3b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2455 \_\_\_\_\_

2456 ADDITIONAL NAME(S)/INITIAL(S)  
2457 SUFFIX  
2458 \_\_\_\_\_  
2459 \_\_\_\_\_

2460 3c. MAILING ADDRESS  
2461 \_\_\_\_\_  
2462 CITY STATE POSTAL CODE COUNTRY  
2463 \_\_\_\_\_

2464 4. COLLATERAL: This financing statement covers the following collateral:  
2465 \_\_\_\_\_

2466 5. Check only if applicable and check only one box:  
2467 Collateral is  held in a Trust (see Instructions)  
2468  being administered by a Decedent's Personal Representative.

2469 6a. Check only if applicable and check only one box:  
2470  Public-Finance Transaction  Manufactured-Home Transaction  
2471  A Debtor is a Transmitting Utility

2472 6b. Check only if applicable and check only one box:  
2473  Agricultural Lien  Non-UCC Filing

2474 7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor

2475 Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licensor

2476 8. OPTIONAL FILER REFERENCE DATA

2477 \_\_\_\_\_

2478 [UCC FINANCING STATEMENT (Form UCC1)]

2479 UCC FINANCING STATEMENT ADDENDUM

2480 FOLLOW INSTRUCTIONS

2481 9. NAME OF FIRST DEBTOR (same as item 1a or 1b on Financing Statement)

2482 9a. ORGANIZATION'S NAME

2483 \_\_\_\_\_

2484 OR

2485 9b. INDIVIDUAL'S SURNAME

2486 \_\_\_\_\_

2487 FIRST PERSONAL NAME

2488 \_\_\_\_\_

2489 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2490 \_\_\_\_\_

2491 \_\_\_\_\_

2492 THE ABOVE SPACE IS FOR

2493 FILING OFFICE USE ONLY

2494 10. ADDITIONAL DEBTOR'S NAME - provide only one Debtor name (10a or 10b)

2495 (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

2496

2497 10a. ORGANIZATION'S NAME

2498 \_\_\_\_\_

2499 OR

2500 10b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2501 \_\_\_\_\_

2502 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2503 DEBTOR SUFFIX

2504 \_\_\_\_\_

2505 \_\_\_\_\_

2506 10c. MAILING ADDRESS

2507 \_\_\_\_\_

2508 CITY STATE POSTAL CODE COUNTRY

2509 \_\_\_\_\_

2510

2511 11.  ADDITIONAL SECURED PARTY'S NAME or  ASSIGNOR SECURED

2512 PARTY'S NAME - provide only one name (11a or 11b)

2513 11a. ORGANIZATION'S NAME

2514 \_\_\_\_\_

2515 OR

2516 11b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2517 \_\_\_\_\_

2518 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2519 \_\_\_\_\_

2520 \_\_\_\_\_

2521 11c. MAILING ADDRESS

2522 \_\_\_\_\_

2523 CITY STATE POSTAL CODE COUNTRY

2524 \_\_\_\_\_

2525 12. ADDITIONAL SPACE FOR ITEM 4 (Collateral)

2526 \_\_\_\_\_

2527 \_\_\_\_\_

2528 13.  This FINANCING STATEMENT is to be filed [for record] (or recorded) in the  
2529 REAL ESTATE RECORDS (if applicable)

2530 14. This FINANCING STATEMENT:

2531  covers timber to be cut  covers as-extracted collateral  is filed as a fixture filing

2532 15. Name and address of a RECORD OWNER of real estate described in item 16 (if  
2533 Debtor does not have a record interest):

2534 \_\_\_\_\_

2535 16. Description of real estate:

2536 \_\_\_\_\_

2537 17. MISCELLANEOUS:

2538 \_\_\_\_\_

2539 \_\_\_\_\_

2540 [UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad)]

2541 (b) Amendment form. A filing office that accepts written records may not refuse to  
2542 accept a written record in the following form and format except for a reason set forth in Section  
2543 9-516(b):

2544 UCC FINANCING STATEMENT AMENDMENT

2545 FOLLOW INSTRUCTIONS

2546 A. NAME & PHONE OF CONTACT AT FILER (optional)



2547

---

2548 B. E-MAIL CONTACT AT FILER (optional)

2549

---

2550 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

2551

---

2552 THE ABOVE SPACE IS FOR

2553 FILING OFFICE USE ONLY

2554 1a. INITIAL FINANCING STATEMENT FILE NUMBER

2555

---

2556 1b.  This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or  
2557 recorded) in the REAL ESTATE RECORDS. Filer: attach Amendment Addendum (Form  
2558 UCC3Ad) and provide Debtor's name in item 13.

2559 2.  TERMINATION: Effectiveness of the Financing Statement identified above is  
2560 terminated with respect to the security interest(s) of Secured Party authorizing this Termination  
2561 Statement

2562 3.  ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b,  
2563 and address of Assignee in item 7c and name of Assignor in item 9. For partial assignment,  
2564 complete items 7 and 9 and also indicate affected collateral in item 8

2565 4.  CONTINUATION: Effectiveness of the Financing Statement identified above  
2566 with respect to the security interest(s) of Secured Party authorizing this Continuation Statement  
2567 is continued for the additional period provided by applicable law

2568 5.  PARTY INFORMATION CHANGE:

2569 Check one of these two boxes:

2570 This Change affects  Debtor or  Secured Party of record.

2571 AND

2572 Check one of these three boxes to:

2573  CHANGE name and/or address: Complete item 6a or 6b, and item 7a or 7b and item

2574 7c.

2575  ADD name: Complete item 7a or 7b, and item 7c.

2576  DELETE name: Give record name to be deleted in item 6a or 6b.

2577 6. CURRENT RECORD INFORMATION: Complete for Party Information Change

2578 - provide only one name (6a or 6b) (use exact, full name; do not omit, modify, or abbreviate any

2579 word in the Debtor's name)

2580 6a. ORGANIZATION'S NAME

2581 \_\_\_\_\_

2582 OR

2583 6b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2584 \_\_\_\_\_

2585 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2586 \_\_\_\_\_

2587 \_\_\_\_\_

2588 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party

2589 Information Change - provide only one name (7a or 7b) (use exact full name; do not omit,

2590 modify, or abbreviate any word in the Debtor's name)

2591 7a. ORGANIZATION'S NAME

2592 \_\_\_\_\_

2593 OR

2594 7b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2595 \_\_\_\_\_

2596 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2597 DEBTOR SUFFIX

2598 \_\_\_\_\_

2599 \_\_\_\_\_

2600 7c. MAILING ADDRESS

2601 \_\_\_\_\_

2602 CITY STATE POSTAL CODE COUNTRY

2603 \_\_\_\_\_

2604 8.  COLLATERAL CHANGE:

2605 Also check one of these four boxes:

2606  ADD collateral  DELETE collateral  RESTATE covered collateral

2607  ASSIGN collateral

2608 Indicate collateral:

2609 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS

2610 AMENDMENT - provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

2611 If this is an Amendment authorized by a DEBTOR, check here  and provide name of

2612 authorizing Debtor

2613 9a. ORGANIZATION'S NAME

2614 \_\_\_\_\_

2615 OR

2616 9b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2617 \_\_\_\_\_

2618 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2619 \_\_\_\_\_

2620 \_\_\_\_\_

2621 10. OPTIONAL FILER REFERENCE DATA

2622 \_\_\_\_\_

2623 [UCC FINANCING STATEMENT AMENDMENT (Form UCC3)]

2624 UCC FINANCING STATEMENT AMENDMENT ADDENDUM

2625 FOLLOW INSTRUCTIONS

2626 11. INITIAL FINANCING STATEMENT FILE NUMBER (same as item 1a on

2627 Amendment form)

2628 \_\_\_\_\_

2629 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on

2630 Amendment form)

2631 12a. ORGANIZATION'S NAME

2632 \_\_\_\_\_

2633 OR

2634 12b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2635 \_\_\_\_\_

2636 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2637 \_\_\_\_\_

2638 \_\_\_\_\_

2639

THE ABOVE SPACE IS FOR

2640

FILING OFFICE USE ONLY

2641

13. Name of DEBTOR on related financing statement (Name of a current Debtor of

2642

record required for indexing purposes only in some filing offices - see Instruction for item 13 -

2643

insert only one Debtor name (13a or 13b) (use, exact, full name; do not omit, modify, or

2644

abbreviate any word in the Debtor's name)

2645

13a. ORGANIZATION'S NAME

2646

\_\_\_\_\_

2647

OR

2648

13b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2649

\_\_\_\_\_

2650

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

2651

\_\_\_\_\_

2652

14. ADDITIONAL SPACE FOR ITEM 8 (Collateral)

2653

\_\_\_\_\_

2654

\_\_\_\_\_

2655

15. This FINANCING STATEMENT AMENDMENT:

covers timber to be

2656

cut

2657

covers as-extracted collateral

is filed as a fixture filing

2658 16. Name and address of a RECORD OWNER of real estate described in item 17 (if  
2659 Debtor does not have a record interest):

2660 \_\_\_\_\_

2661 17. Description of real estate

2662 \_\_\_\_\_

2663 18. MISCELLANEOUS:

2664 \_\_\_\_\_

2665 \_\_\_\_\_

2666 [UCC FINANCING STATEMENT AMENDMENT ADDENDUM (Form UCC3Ad)]

2667 \_\_\_\_\_

2668 Additional space for item 8

2669 \_\_\_\_\_

2670 \_\_\_\_\_

2671 UCC FINANCING STATEMENT AMENDMENT ADDENDUM (Form UCC1)

2672 PART 6 DEFAULT

2673 SUBPART 1. DEFAULT AND ENFORCEMENT OF SECURITY INTEREST

2674 SECTION 9-607. COLLECTION AND ENFORCEMENT BY SECURED PARTY.

2675 (a) Collection and enforcement generally. If so agreed, and in any event after default, a  
2676 secured party:

2677 (1) may notify an account debtor or other person obligated on collateral to make  
2678 payment or otherwise render performance to or for the benefit of the secured party;

2679 (2) may take any proceeds to which the secured party is entitled under Section 9-  
2680 315;

2681 (3) may enforce the obligations of an account debtor or other person obligated on  
2682 collateral and exercise the rights of the debtor with respect to the obligation of the account debtor  
2683 or other person obligated on collateral to make payment or otherwise render performance to the  
2684 debtor, and with respect to any property that secures the obligations of the account debtor or  
2685 other person obligated on the collateral;

2686 (4) if it holds a security interest in a deposit account perfected by control under  
2687 Section 9-104(a)(1), may apply the balance of the deposit account to the obligation secured by  
2688 the deposit account; and

2689 (5) if it holds a security interest in a deposit account perfected by control under  
2690 Section 9-104(a)(2) or (3), may instruct the bank to pay the balance of the deposit account to or  
2691 for the benefit of the secured party.

2692 (b) Nonjudicial enforcement of mortgage. If necessary to enable a secured party to  
2693 exercise under subsection (a)(3) the right of a debtor to enforce a mortgage nonjudicially, the  
2694 secured party may record in the office in which a record of the mortgage is recorded:



2695 (1) a copy of the security agreement that creates or provides for a security interest  
2696 in the obligation secured by the mortgage; and

2697 (2) the secured party's sworn affidavit in recordable form stating that:

2698 (A) a default has occurred with respect to the obligation secured by the  
2699 mortgage; and

2700 (B) the secured party is entitled to enforce the mortgage nonjudicially.

2701 (c) Commercially reasonable collection and enforcement. A secured party shall proceed  
2702 in a commercially reasonable manner if the secured party:

2703 (1) undertakes to collect from or enforce an obligation of an account debtor or  
2704 other person obligated on collateral; and

2705 (2) is entitled to charge back uncollected collateral or otherwise to full or limited  
2706 recourse against the debtor or a secondary obligor.

2707 (d) Expenses of collection and enforcement. A secured party may deduct from the  
2708 collections made pursuant to subsection (c) reasonable expenses of collection and enforcement,  
2709 including reasonable attorney's fees and legal expenses incurred by the secured party.

2710 (e) Duties to secured party not affected. This section does not determine whether an  
2711 account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

2712 SECTION 84. Subsection 2A-103(3) of said chapter 106 is hereby amended by striking  
2713 out "9-102(a)(68)" and by substituting in place thereof "9-102(a)(69)".

2714 SECTION 85. The amendments of said chapter 106 contained Sections 83 and 84 and  
2715 this Section 85 shall take effect on July 1, 2013. Said chapter 106 is hereby further amended by  
2716 adding, following Part 7 of Article 9, the following new Part 8 containing the transition  
2717 provisions for Sections 83 and 84:

2718 PART 8 TRANSITION PROVISIONS FOR 2010 AMENDMENTS

2719 SECTION 9-801. EFFECTIVE DATE. This Amendatory Act takes effect on July 1,  
2720 2013. References in this Part to this “Amendatory Act” are to those sections of the legislative  
2721 enactment by which this Part is added to Article 9 of chapter 106 effective on July 1, 2013 .

2722 SECTION 9-802. SAVINGS CLAUSE.

2723 (a) Pre-effective-date transactions or liens. Except as otherwise provided in this part,  
2724 this Amendatory Act applies to a transaction or lien within its scope, even if the transaction or  
2725 lien was entered into or created before this Amendatory Act takes effect.

2726 (b) Pre-effective-date proceedings. This Amendatory Act does not affect an action, case,  
2727 or proceeding commenced before this Amendatory Act takes effect.

2728 SECTION 9-803. SECURITY INTEREST PERFECTED BEFORE EFFECTIVE  
2729 DATE.

2730 (a) Continuing perfection: perfection requirements satisfied. A security interest that is a  
2731 perfected security interest immediately before this Amendatory Act takes effect is a perfected  
2732 security interest under Article 9 of this chapter as amended by this Amendatory Act if, when this  
2733 Amendatory Act takes effect, the applicable requirements for attachment and perfection under  
2734 Article 9 of this chapter as amended by this Amendatory Act are satisfied without further action.

2735 (b) Continuing perfection: perfection requirements not satisfied. Except as otherwise  
2736 provided in Section 9-805, if, immediately before this Amendatory Act takes effect, a security  
2737 interest is a perfected security interest, but the applicable requirements for perfection under  
2738 Article 9 of this chapter as amended by this Amendatory Act are not satisfied when this  
2739 Amendatory Act takes effect, the security interest remains perfected thereafter only if the  
2740 applicable requirements for perfection under Article 9 of this chapter as amended by this  
2741 Amendatory Act are satisfied within one year after this Amendatory Act takes effect.

2742 SECTION 9-804. SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE  
2743 DATE. A security interest that is an unperfected security interest immediately before this  
2744 Amendatory Act takes effect becomes a perfected security interest:

2745 (1) without further action, when this Amendatory Act takes effect if the applicable  
2746 requirements for perfection under Article 9 of this chapter as amended by this Amendatory Act  
2747 are satisfied before or at that time; or

2748 (2) when the applicable requirements for perfection are satisfied if the requirements are  
2749 satisfied after that time.

2750 SECTION 9-805. EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE  
2751 DATE.

2752 (a) Pre-effective-date filing effective. The filing of a financing statement before this  
2753 Amendatory Act takes effect is effective to perfect a security interest to the extent the filing  
2754 would satisfy the applicable requirements for perfection under Article 9 of this chapter as  
2755 amended by this Amendatory Act.

2756 (b) When pre-effective-date filing becomes ineffective. This Amendatory Act does not  
2757 render ineffective an effective financing statement that, before this Amendatory Act takes effect,  
2758 is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction  
2759 governing perfection as provided in Article 9 of this chapter as it existed before this Amendatory  
2760 Act took effect. However, except as otherwise provided in subsections (c) and (d) and Section 9-  
2761 806, the financing statement ceases to be effective:

2762 (1) if the financing statement is filed in this State, at the time the financing  
2763 statement would have ceased to be effective had this Amendatory Act not taken effect; or

2764 (2) if the financing statement is filed in another jurisdiction, at the earlier of:

2765 (A) the time the financing statement would have ceased to be effective  
2766 under the law of that jurisdiction; or

2767 (B) June 30, 2018.

2768 (c) Continuation statement. The filing of a continuation statement after this Amendatory  
2769 Act takes effect does not continue the effectiveness of a financing statement filed before this  
2770 Amendatory Act takes effect. However, upon the timely filing of a continuation statement after  
2771 this Amendatory Act takes effect and in accordance with the law of the jurisdiction governing  
2772 perfection as provided in Article 9 of this chapter as amended by this Amendatory Act, the  
2773 effectiveness of a financing statement filed in the same office in that jurisdiction before this  
2774 Amendatory Act takes effect continues for the period provided by the law of that jurisdiction.

2775 (d) Application of subsection (b)(2)(B) to transmitting utility financing statement.

2776 Subsection (b)(2)(B) applies to a financing statement that, before this Amendatory Act takes

2777 effect, is filed against a transmitting utility and satisfies the applicable requirements for  
2778 perfection under the law of the jurisdiction governing perfection as provided in Article 9 of this  
2779 chapter as it existed before this Amendatory Act took effect, only to the extent that Article 9 of  
2780 this chapter as amended by this Amendatory Act provides that the law of a jurisdiction other than  
2781 the jurisdiction in which the financing statement is filed governs perfection of a security interest  
2782 in collateral covered by the financing statement.

2783 (e) Application of Part 5. A financing statement that includes a financing statement filed  
2784 before this Amendatory Act takes effect and a continuation statement filed after this Amendatory  
2785 Act takes effect is effective only to the extent that it satisfies the requirements of Part 5 of Article  
2786 9 of this chapter as amended by this Amendatory Act for an initial financing statement. A  
2787 financing statement that indicates that the debtor is a decedent's estate indicates that the  
2788 collateral is being administered by a personal representative within the meaning of Section 9-  
2789 503(a)(2) as amended by this Amendatory Act. A financing statement that indicates that the  
2790 debtor is a trust or is a trustee acting with respect to property held in trust indicates that the  
2791 collateral is held in a trust within the meaning of Section 9-503(a)(3) as amended by this  
2792 Amendatory Act.

2793 SECTION 9-806. WHEN INITIAL FINANCING STATEMENT SUFFICES TO  
2794 CONTINUE EFFECTIVENESS OF FINANCING STATEMENT

2795 (a) Initial financing statement in lieu of continuation statement. The filing of an initial  
2796 financing statement in the office specified in Section 9-501 continues the effectiveness of a  
2797 financing statement filed before this Amendatory Act takes effect if:

2798 (1) the filing of an initial financing statement in that office would be effective to  
2799 perfect a security interest under Article 9 of this chapter as amended by this Amending Act;

2800 (2) the pre-effective-date financing statement was filed in an office in another  
2801 State; and

2802 (3) the initial financing statement satisfies subsection (c).

2803 (b) Period of continued effectiveness. The filing of an initial financing statement under  
2804 subsection (a) continues the effectiveness of the pre-effective-date financing statement:

2805 (1) if the initial financing statement is filed before this Amending Act takes  
2806 effect, for the period provided in Section 9-515 of Article 9 of this chapter before this  
2807 Amending Act took effect with respect to an initial financing statement; and

2808 (2) if the initial financing statement is filed after this Amending Act takes effect,  
2809 for the period provided in Section 9-515 of Article 9 of this chapter as amended by this  
2810 Amending Act with respect to an initial financing statement.

2811 (c) Requirements for initial financing statement under subsection (a). To be effective for  
2812 purposes of subsection (a), an initial financing statement must:

2813 (1) satisfy the requirements of Part 5 of Article 9 of this chapter as amended by  
2814 this Amending Act for an initial financing statement;

2815 (2) identify the pre-effective-date financing statement by indicating the office in  
2816 which the financing statement was filed and providing the dates of filing and file numbers, if  
2817 any, of the financing statement and of the most recent continuation statement filed with respect  
2818 to the financing statement; and

2819 (3) indicate that the pre-effective-date financing statement remains effective.

2820 SECTION 9-807. AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING

2821 STATEMENT.

2822 (a) “Pre-effective-date financing statement”. In this section, “pre-effective-date  
2823 financing statement” means a financing statement filed before this Amendatory Act takes effect.

2824 (b) Applicable law. After this Amendatory Act takes effect, a person may add or delete  
2825 collateral covered by, continue or terminate the effectiveness of, or otherwise amend the  
2826 information provided in, a pre-effective-date financing statement only in accordance with the law  
2827 of the jurisdiction governing perfection as provided in Article 9 of this chapter as amended by  
2828 this Amendatory Act. However, the effectiveness of a pre-effective-date financing statement  
2829 also may be terminated in accordance with the law of the jurisdiction in which the financing  
2830 statement is filed.

2831 (c) Method of amending: general rule. Except as otherwise provided in subsection (d), if  
2832 the law of this State governs perfection of a security interest, the information in a pre-effective-  
2833 date financing statement may be amended after this Amendatory Act takes effect only if:

2834 (1) the pre-effective-date financing statement and an amendment are filed in the  
2835 office specified in Section 9-501;

2836 (2) an amendment is filed in the office specified in Section 9-501 concurrently  
2837 with, or after the filing in that office of, an initial financing statement that satisfies Section 9-  
2838 806(c); or

2839 (3) an initial financing statement that provides the information as amended and  
2840 satisfies Section 9-806(c) is filed in the office specified in Section 9-501.

2841 (d) Method of amending: continuation. If the law of this State governs perfection of a  
2842 security interest, the effectiveness of a pre-effective-date financing statement may be continued  
2843 only under Section 9-805(c) and (e) or 9-806.

2844 (e) Method of amending: additional termination rule. Whether or not the law of this  
2845 State governs perfection of a security interest, the effectiveness of a pre-effective-date financing  
2846 statement filed in this State may be terminated after this Amendatory Act takes effect by filing a  
2847 termination statement in the office in which the pre-effective-date financing statement is filed,  
2848 unless an initial financing statement that satisfies Section 9-806(c) has been filed in the office  
2849 specified by the law of the jurisdiction governing perfection as provided in Article 9 as amended  
2850 by this Amendatory Act as the office in which to file a financing statement.

2851 SECTION 9-808. PERSON ENTITLED TO FILE INITIAL FINANCING  
2852 STATEMENT OR CONTINUATION STATEMENT. A person may file an initial financing  
2853 statement or a continuation statement under this part if:

2854 (1) the secured party of record authorizes the filing; and

2855 (2) the filing is necessary under this part:

2856 (A) to continue the effectiveness of a financing statement filed before this  
2857 Amendatory Act takes effect; or

2858 (B) to perfect or continue the perfection of a security interest.



2859           SECTION 9-809. PRIORITY. This Amendatory Act determines the priority of  
2860 conflicting claims to collateral. However, if the relative priorities of the claims were established  
2861 before this Amendatory Act takes effect, Article 9 of this chapter as it existed before  
2862 Amendatory Act took effect determines priority.