

HOUSE No. 1811

The Commonwealth of Massachusetts

Senate, June 26, 2013.

BILL #: H28

BILL STATUS: Recommended Amendment

DISSENTERS:

None

ACCOMPANIED BILLS:

None

For the committee,

BENJAMIN B. DOWNING

SENATE No. 1811

The committee on Bills in the Third Reading, to whom was referred the House Bill making amendments to the Uniform Commercial Code covering general provisions, documents of title and secured transactions (House, No. 28); reports, recommending that the same ought to pass with an amendment striking out all after the enacting clause and inserting in place thereof the text of Senate document numbered 1811.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

1 SECTION 1. Section 28 of chapter 10 of the General Laws, as appearing in the 2010
2 Official Edition, is hereby amended by striking out, in line 130, the figure “9-405” and inserting
3 in place thereof the following figure:- 9-406.

4 SECTION 2. Chapter 106 of the General Laws is hereby amended by striking out article
5 1, as so appearing, and inserting in place thereof the following article:-

6 ARTICLE 1

7 GENERAL PROVISIONS

8 PART 1

9 GENERAL PROVISIONS

10 SECTION 1-101. Short Titles.

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

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

13 SECTION 1-102. Scope Of Article. This article applies to a transaction to the extent that
14 it is governed by another article of this chapter.

15 SECTION 1 103. Construction Of This Chapter To Promote Its Purposes And Policies;
16 Applicability Of Supplemental Principles Of Law

17 (a) This chapter shall be liberally construed and applied to promote its underlying
18 purposes and policies, which are:

- 19 (1) to simplify, clarify and modernize the law governing commercial transactions;
20 (2) to permit the continued expansion of commercial practices through custom,
21 usage and agreement of the parties; and
22 (3) to make uniform the law among the various jurisdictions.

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

27 SECTION 1-107. Section captions are part of this chapter. The subsection headings in
28 article 9 are not part of this chapter.

29 SECTION 1-108. Relation To Electronic Signatures In Global And National Commerce
30 Act. This chapter modifies, limits and supersedes the federal Electronic Signatures in Global and
31 National Commerce Act, 15 U.S.C. section 7001, et seq., but does not modify, limit or supersede
32 section 101(c) of said act, 15. U.S.C. section 7001(c), or authorize electronic delivery of any of
33 the notices described in section 103(b) of said act, 15 U.S.C. section 7003(b).

34 PART 2

35 GENERAL DEFINITIONS AND

36 PRINCIPLES OF INTERPRETATION

37 SECTION 1-201. General Definitions.

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

41 (b) Subject to definitions contained in other articles of this chapter that apply to
42 particular articles or parts thereof, the following words shall have the following meanings:

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

45 (2) “Aggrieved party”, a party entitled to pursue a remedy.

46 (3) “Agreement”, as distinguished from “contract”, means the bargain of the
47 parties in fact, as found in their language or inferred from other circumstances, including course
48 of performance, course of dealing or usage of trade, as provided in section 1-303.

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

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

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

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

58 (8) “Burden of establishing”, the burden of persuading the trier of fact that the
59 existence of the fact is more probable than its nonexistence.

60 (9) “Buyer in ordinary course of business”, a person that buys goods in good
61 faith, without knowledge that the sale violates the rights of another person in the goods, and in
62 the ordinary course from a person, other than a pawnbroker, in the business of selling goods of
63 that kind. A person buys goods in the ordinary course if the sale to the person comports with the
64 usual or customary practices in the kind of business in which the seller is engaged or with the
65 seller’s own usual or customary practices. A person that sells oil, gas or other minerals at the
66 wellhead or minehead is a person in the business of selling goods of that kind. A buyer in
67 ordinary course of business may buy for cash, by exchange of other property or on secured or
68 unsecured credit, and may acquire goods or documents of title under a preexisting contract for
69 sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the
70 seller under article 2 may be a buyer in ordinary course of business. Buyer in ordinary course of
71 business does not include a person that acquires goods in a transfer in bulk or as security for or in
72 total or partial satisfaction of a money debt.

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

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

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

83 (11) “Consumer”, an individual who enters into a transaction primarily for
84 personal, family, or household purposes.

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

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

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

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

97 (16) “Document of title”, a record that: (i) in the regular course of business or
98 financing is treated as adequately evidencing that the person in possession or control of the
99 record is entitled to receive, control, hold and dispose of the record and the goods the record
100 covers; and (ii) purports to be issued by or addressed to a bailee and to cover goods in the
101 bailee’s possession, which are either identified or are fungible portions of an identified mass.
102 The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse
103 receipt and order for delivery of goods. An electronic document of title means a document of
104 title evidenced by a record consisting of information stored in an electronic medium. A tangible
105 document of title means a document of title evidenced by a record consisting of information that
106 is inscribed on a tangible medium.

107 (17) “Fault”, a default, breach or wrongful act or omission.

108 (18) “Fungible goods”,

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

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

112 (19) “Genuine”, free of forgery or counterfeiting.

113 (20) “Good faith”, except as otherwise provided in article 5, honesty in fact and
114 the observance of reasonable commercial standards of fair dealing.

115 (21) “Holder”,

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

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

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

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

123 (23) “Insolvent”,

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

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

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

128 (24) “Money”, a medium of exchange currently authorized or adopted by a
129 domestic or foreign government. The term includes a monetary unit of account established by an
130 intergovernmental organization or by agreement between 2 or more countries.

131 (25) “Organization”, a person other than an individual.

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

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

137 (28) “Present value”, the amount as of a date certain of 1 or more sums payable
138 in the future, discounted to the date certain by use of either an interest rate specified by the
139 parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if
140 an interest rate is not so specified, a commercially reasonable rate that takes into account the
141 facts and circumstances at the time the transaction is entered into.

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

145 (30) “Purchaser”, a person that takes by purchase.

146 (31) "Record", information that is inscribed on a tangible medium or that is
147 stored in an electronic or other medium and is retrievable in perceivable form.

148 (32) "Remedy", any remedial right to which an aggrieved party is entitled with or
149 without resort to a tribunal.

150 (33) "Representative", a person empowered to act for another, including an
151 agent, an officer of a corporation or association, and a trustee, executor or administrator of an
152 estate.

153 (34) "Right", includes remedy.

154 (35) "Security interest", an interest in personal property or fixtures which secures
155 payment or performance of an obligation. Security interest includes any interest of a consignor
156 and a buyer of accounts, chattel paper, a payment intangible or a promissory note in a transaction
157 that is subject to article 9. Security interest does not include the special property interest of a
158 buyer of goods on identification of those goods to a contract for sale under section 2-401, but a
159 buyer may also acquire a security interest by complying with article 9. Except as otherwise
160 provided in section 2-505, the right of a seller or lessor of goods under article 2 or 2A to retain or
161 acquire possession of the goods is not a security interest, but a seller or lessor may also acquire a
162 security interest by complying with article 9. The retention or reservation of title by a seller of
163 goods, notwithstanding shipment or delivery to the buyer under section 2-401, is limited in effect
164 to a reservation of a security interest. Whether a transaction in the form of a lease creates a
165 security interest is determined pursuant to section 1-203.

166 (36) "Send", in connection with a writing, record or notice means:

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

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

173 (37) "Signed", includes using any symbol executed or adopted with present
174 intention to adopt or accept a writing.

175 (38) "State", state of the United States, the District of Columbia, Puerto Rico, the
176 United States Virgin Islands or any territory or insular possession subject to the jurisdiction of
177 the United States.

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

179 (40) "Term", a portion of an agreement that relates to a particular matter.

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

182 (42) “Warehouse receipt”, a document of title issued by a person engaged in the
183 business of storing goods for hire.

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

186 SECTION 1-202. Notice; Knowledge.

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

188 (1) has actual knowledge of it;

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

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

192 (b) “Knowledge”, actual knowledge. “Knows” has a corresponding meaning.

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

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

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

199 (1) it comes to that person’s attention; or

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

203 (f) Notice, knowledge or a notice or notification received by an organization is effective
204 for a particular transaction from the time it is brought to the attention of the individual
205 conducting that transaction and, in any event, from the time it would have been brought to the
206 individual’s attention if the organization had exercised due diligence. An organization exercises
207 due diligence if it maintains reasonable routines for communicating significant information to the
208 person conducting the transaction and there is reasonable compliance with the routines. Due
209 diligence does not require an individual acting for the organization to communicate information
210 unless the communication is part of the individual’s regular duties or the individual has reason to
211 know of the transaction and that the transaction would be materially affected by the information.

212 SECTION 1-203. Lease Distinguished From Security Interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

242 (d) Additional consideration is nominal if it is less than the lessee’s reasonably
243 predictable cost of performing under the lease agreement if the option is not exercised.
244 Additional consideration is not nominal if:

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

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

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

254 SECTION 1-204. Value. Except as otherwise provided in articles 3, 4 and 5, a person
255 gives value for rights if the person acquires them:

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

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

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

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

262 SECTION 1-205. Reasonable Time; Seasonableness.

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

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

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

271 PART 3

272 TERRITORIAL APPLICABILITY AND GENERAL RULES

273 SECTION 1-301. Territorial Applicability; Parties' Power To Choose Applicable Law.

274 (a) Except as provided hereafter in this section, when a transaction bears a reasonable
275 relation to the commonwealth and also to another state or nation, the parties may agree that the
276 law of either the commonwealth or of such other state or nation shall govern the rights and duties
277 under the transaction. Failing to reach such an agreement, this chapter applies to transactions
278 bearing an appropriate relation to the commonwealth.

279 (b) To the extent that this chapter governs a transaction, if one of the following sections
280 specifies the applicable law, that section governs and a contrary agreement is effective only to
281 the extent permitted by the section specified:

282 (1) section 2-402;

283 (2) sections 2A-105 and 2A-106;

284 (3) section 4-102;

285 (4) section 4A-507;

286 (5) section 5-116;

287 (6) section 8-110; and

288 (7) sections 9-301 through 9-307.

289 SECTION 1-302. Variation By Agreement.

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

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

297 (c) The phrase "unless otherwise agreed", or words of similar import, does not imply that
298 the effect of other provisions may not be varied by agreement under this section.

299 SECTION 1-303. Course Of Performance, Course Of Dealing, And Usage Of Trade.

300 (a) A "course of performance" is a sequence of conduct between the parties to a
301 particular transaction that exists if:

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

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

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

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

314 (d) A course of performance or course of dealing between the parties or usage of trade in
315 the vocation or trade in which the parties are engaged or of which the parties are or should be
316 aware is relevant in ascertaining the meaning of the parties’ agreement, may give particular
317 meaning to specific terms of the agreement and may supplement or qualify the terms of the
318 agreement. A usage of trade applicable in the place in which part of the performance under the
319 agreement is to occur may be so utilized as to that part of the performance.

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

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

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

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

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

329 (g) Evidence of a relevant usage of trade offered by 1 party is not admissible unless that
330 party has given the other party notice that the court finds sufficient to prevent unfair surprise to
331 the other party.

332 SECTION 1-304. Obligation Of Good Faith. Every contract or duty within this chapter
333 imposes an obligation of good faith in its performance and enforcement.

334 SECTION 1-305. Remedies To Be Liberally Administered.

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

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

341 SECTION 1-306. Waiver Or Renunciation Of Claim Or Right After Breach. A claim or
342 right arising out of an alleged breach may be discharged in whole or in part without
343 consideration by agreement of the aggrieved party in an authenticated record. For purposes of
344 this section, a party may “authenticate” a record by: (i) signing a record that is a writing; or (ii)
345 attaching to or logically associating with a record that is not a writing an electronic sound,
346 symbol or process with the present intent to adopt or accept the record

347 SECTION 1-307. Prima Facie Evidence By Third-Party Documents. A document in due
348 form purporting to be a bill of lading, policy or certificate of insurance, official weigher’s or
349 inspector’s certificate, consular invoice or any other document authorized or required by the
350 contract to be issued by a third party is prima facie evidence of its own authenticity and
351 genuineness and of the facts stated in the document by the third party.

352 SECTION 1-308. Performance Or Acceptance Under Reservation Of Rights.

353 (a) A party that, with explicit reservation of rights, performs or promises performance or
354 assents to performance in a manner demanded or offered by the other party does not thereby
355 prejudice the rights reserved. Such words as “without prejudice”, “under protest” or the like are
356 sufficient.

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

358 SECTION 1-309. Option To Accelerate At Will. A term providing that 1 party or that
359 party’s successor in interest may accelerate payment or performance or require collateral or
360 additional collateral “at will” or when the party “deems itself insecure”, or words of similar
361 import, means that the party has power to do so only if that party in good faith believes that the
362 prospect of payment or performance is impaired. The burden of establishing lack of good faith is
363 on the party against which the power has been exercised.

364 SECTION 1-310. Subordinated Obligations. An obligation may be issued as
365 subordinated to performance of another obligation of the person obligated, or a creditor may
366 subordinate its right to performance of an obligation by agreement with either the person
367 obligated or another creditor of the person obligated. Subordination does not create a security
368 interest as against either the common debtor or a subordinated creditor.

369 SECTION 3. Subsection (1) of section 2-103 of said chapter 106, as so appearing, is
370 hereby amended by striking out clause (b) and inserting in place thereof the following clause:--
371 (b)“[Reserved]”.

372 SECTION 4. Subsection (3) of said section 2-103 of said chapter 106, as so appearing, is
373 hereby amended by inserting after the definition of “Consumer Goods” the following definition:-
374 “Control”. Section 7-106.

375 SECTION 5. Section 2-104 of said chapter 106, as so appearing, is hereby amended by
376 inserting after the word “accompany”, in line 13, the following words:- or are associated with.

377 SECTION 6. Section 2-202 of said chapter 106, as so appearing, is hereby amended by
378 striking out clause (a) and inserting in place thereof the following clause:-

379 (a) by course of performance, course of dealing or usage of trade, in section 1-303; and.

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

381 SECTION 8. Section 2-210 of said chapter 106, as appearing in the 2010 Official
382 Edition, is hereby amended by striking out, in line 6, the figure “9-405” and inserting in place
383 thereof the following figure:- 9-406.

384 SECTION 9. Section 2-310 of said chapter 106, as so appearing, is hereby amended by
385 striking out clause (c) and inserting in place thereof the following clause:-

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

391 SECTION 10. Section 2-323 of said chapter 106, as so appearing, is hereby amended by
392 inserting after the word “a ”, in line 6, the second time it appears, the following word:- tangible.

393 SECTION 11. Section 2-401 of said chapter 106, as so appearing, is hereby amended by
394 striking out subsection (3) and inserting in place thereof the following subsection:-

395 (3) Unless otherwise explicitly agreed where delivery is to be made without moving the
396 goods:

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

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

402 SECTION 12. Section 2-503 of said chapter 106, as so appearing, is hereby amended by
403 striking out, in line 23, the words “written direction to” and inserting in place thereof the
404 following words:- record directing.

405 SECTION 13. Said section 2-503 of said chapter 106, as so appearing, is hereby further
406 amended by inserting after the word “and”, in line 24, the following words:- , except as
407 otherwise provided in Article 9,.

408 SECTION 14. Said section 2-503 of said chapter 106, as so appearing, is hereby further
409 amended by inserting after the word “ accompanying”, in line 36, the following words:- or
410 associated with.

411 SECTION 15. Section 2-505 of said chapter 106, as so appearing, is hereby amended by
412 inserting after the word “ possession”, in line 12, the following words:- or control.

413 SECTION 16. Said section 2-505 of said chapter 106, as so appearing, is hereby further
414 amended by inserting after the word “ document”, in line 17, the following words:- of title.

415 SECTION 17. Section 2-506 of said chapter 106, as so appearing, is hereby amended by
416 striking out, in line 11, the words “on its face”.

417 SECTION 18. Section 2-509 of said chapter 106, as so appearing, is hereby amended by
418 inserting after the word “of”, in line 13, the first time it appears, the following words:-
419 possession or control of.

420 SECTION 19. Said section 2-509 of said chapter 106, as so appearing, is hereby further
421 amended by inserting after the word “of”, in line 17, the first time it appears, the following
422 words:- possession or control of.

423 SECTION 20. Said section 2-509 of said chapter 106, as so appearing, is hereby further
424 amended by striking out, in lines 17 and 18, the words “written direction to deliver” and inserting
425 in place thereof the following words:- direction to deliver in a record.

426 SECTION 21. Section 2-605 of said chapter 106, as so appearing, is hereby amended by
427 striking out, in line 10, the words “on the face of” and inserting in place thereof the following
428 word:- in.

429 SECTION 22. Section 2-705 of said chapter 106, as so appearing, is hereby amended by
430 striking out, in line 12, the word “ warehouseman” and inserting in place thereof the following
431 words:- a warehouse.

432 SECTION 23. Said section 2-705 of said chapter 106, as so appearing, is hereby further
433 amended by inserting after the word “surrender”, in line 21, the following words:- of possession
434 or control.

435 SECTION 24. Section 2A-103 of said chapter 106, as so appearing, is hereby amended
436 by striking out, in line 9, the word “receiving” and inserting in place thereof the following word:-
437 acquiring.

438 SECTION 25. Said section 2A-103 of said chapter 106, as so appearing, is hereby
439 further amended by striking out, in line 97, the word “receiving” and inserting in place thereof
440 the following word:- acquiring.

441 SECTION 26. Said section 2A-103 of said chapter 106, as so appearing, is hereby
442 further amended by striking out, in line 150, the words ““Good faith”. Section 2-103(1)(b).”.

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

444 SECTION 28. Section 2A-303 of said chapter 106, as appearing in the 2010 Official
445 Edition, is hereby amended by striking out, in line 4, the figure, “9-406” and inserting in place
446 thereof the following figure:- 9-407.

447 SECTION 29. Said section 2A-303 of said chapter 106, as so appearing, is hereby
448 further amended by striking out, in line 22, the figure “9-406” and inserting in place thereof the
449 following figure:- 9-407.

450 SECTION 30. Section 2A-501 of said chapter 106, as so appearing, is hereby amended
451 by striking out, in line 13, the figure “1-106(1)” and inserting in place thereof the following
452 figure:- 1-305(a).

453 SECTION 31. Section 2A-514 of said chapter 106, as so appearing, is hereby amended
454 by striking out, in line 12, the words “on the face of” and inserting in place thereof the following
455 word:- in.

456 SECTION 32. Section 2A-518 of said chapter 106, as so appearing, is hereby amended
457 by striking out, in line 8, the figure “1-102(3)” and inserting in place thereof the following
458 figure:- 1-302.

459 SECTION 33. Section 2A-519 of said chapter 106, as so appearing, is hereby amended
460 by striking out, in lines 3 and 4, the figure “1-102(3)” and inserting in place thereof the following
461 figure:- 1-302.

462 SECTION 34. Section 2A-526 of said chapter 106, as so appearing, is hereby amended
463 by striking out, in line 14, the word “warehouseman” and inserting in place thereof the following
464 words:- a warehouse.

465 SECTION 35. Section 2A-527 of said chapter 106, as so appearing, is hereby amended
466 by striking out, in line 9, the figure “1-102(3)” and inserting in place thereof the following
467 figure:- 1-302.

468 SECTION 36. Section 2A-528 of said chapter 106, as so appearing, is hereby amended
469 by striking out, in line 3, the figure “1-102(3)” and inserting in place thereof the following
470 figure:- 1-302.

471 SECTION 37. Section 3-103 of said chapter 106, as so appearing, is hereby amended by
472 striking out, in line 31, the figure “1-201(8)” and inserting in place thereof the following figure:-
473 1-201(b)(8).

474 SECTION 38. Subsection (c) of section 4-104 of said chapter 106, as so appearing, is
475 hereby amended by inserting after the definition of "Check" the following definition:- “Control”.
476 Section 7-106.

477 SECTION 39. Subsection 4-210 of said chapter 106, as so appearing, is hereby amended
478 by inserting after the word “or”, in line 17, the second time it appears, the following words:-
479 possession or control of the.

480 SECTION 40. Section 4A-105 of said chapter 106, as so appearing, is hereby amended
481 by inserting after the word “of”, in line 26, the following words:- subsection (b) of.

482 SECTION 41. Section 4A-106 of said chapter 106, as so appearing, is hereby amended
483 by striking out, in lines 3 and 4, the words “paragraph (27) of section 1-201” and inserting in
484 place thereof the following words:- section 1-202.

485 SECTION 42. Said chapter 106 is hereby further amended by striking out section 4A-
486 108, as so appearing, and inserting in place thereof the following section:-

487 SECTION 4A-108.: Relationship to Electronic Fund Transfer Act.

488 (a) Except as provided in subsection (b), this article shall not apply to a funds transfer any
489 part of which is governed by the Electronic Fund Transfer Act of 1978, 15 U.S.C. section 1693
490 et seq.

491 (b) This article applies to a funds transfer that is a remittance transfer as defined in the
492 Electronic Fund Transfer Act at 15 U.S.C. section 1693o-1, as amended from time to time,
493 unless the remittance transfer is an electronic fund transfer as defined in the Electronic Fund
494 Transfer Act at 15 U.S.C. section 1693a, as amended from time to time.

495 (c) In a funds transfer to which this article applies, in the event of an inconsistency
496 between an applicable provision of this article and an applicable provision of the Electronic Fund
497 Transfer Act, the provision of the Electronic Fund Transfer Act governs to the extent of the
498 inconsistency.

499 SECTION 43. Section 4A-204 of said chapter 106, as so appearing, is hereby amended
500 by striking out, in line 19, the words “subsection (1) of section 1-204” and inserting in place
501 thereof the following words:- subsection (b) of section 1-302.

502 SECTION 44. Section 5-103 of said chapter 106, as so appearing, is hereby amended by
503 striking out, in line 10, the words “paragraph (3) of section 1-102” and inserting in place thereof
504 the following word:- section 1-302..

505 SECTION 45. Said chapter 106 is hereby further amended by striking out article 7, as so
506 appearing, and inserting in place thereof the following article:-

507 ARTICLE 7

508 DOCUMENTS OF TITLE

509 PART 1 GENERAL

510 SECTION 7-101. Short Title. This article may be cited as Uniform Commercial Code-
511 Documents of Title.

512 SECTION 7-102. Definitions And Index Of Definitions.

513 (a) In this article, the following words shall, unless the context clearly requires otherwise,
514 have the following meanings:

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

517 (2) “Carrier”, a person that issues a bill of lading.

518 (3) "Consignee", a person named in a bill of lading to which or to whose order the
519 bill promises delivery.

520 (4) "Consignor", a person named in a bill of lading as the person from which the
521 goods have been received for shipment.

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

525 (6) [Reserved]

526 (7) "Goods", all things that are treated as movable for the purposes of a contract
527 for storage or transportation.

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

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

537 (10) [Reserved]

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

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

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

542 For purposes of this subsection, a person may "authenticate" a record by: (i) signing a
543 record that is a writing; or (ii) attaching to or logically associating with a record that is not a
544 writing an electronic sound, symbol or process with the present intent to adopt or accept the
545 record.

546 (12) "Shipper", a person that enters into a contract of transportation with a carrier.

547 (13) "Warehouse", a person engaged in the business of storing goods for hire.

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

550 (1) "Contract for sale". Section 2-106.

551 (2) "Lessee in the ordinary course of business". Section 2A-103.

552 (3) "Receipt" of goods. Section 2-103.

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

555 SECTION 7-103. Relation Of Article To Treaty Or Statute.

556 (a) This article is subject to any treaty or statute of the United States or regulatory statute
557 of the commonwealth to the extent the treaty, statute or regulatory statute is applicable.

558 (b) This article does not modify or repeal any law prescribing the form or content of a
559 document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a
560 bailee's business in respects not specifically treated in this article. However, violation of such a
561 law does not affect the status of a document of title that otherwise is within the definition of a
562 document of title.

563 (c) This article modifies, limits and supersedes the federal Electronic Signatures in
564 Global and National Commerce Act, 15 U.S.C. section 7001, et. seq., but does not modify, limit
565 or supersede section 101(c) of said act at 15 U.S.C. Section 7001(c) or authorize electronic
566 delivery of any of the notices described in section 103(b) of said act at 15 U.S.C. Section
567 7003(b).

568 (d) To the extent there is a conflict between the Uniform Electronic Transactions Act, in
569 sections 1 to 18, inclusive, of chapter 110G and this article, this article governs.

570 SECTION 7-104. Negotiable And Nonnegotiable Document Of Title.

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

573 (b) A document of title, other than such a document described in subsection (a), is
574 nonnegotiable. A bill of lading that states that the goods are consigned to a named person is not
575 made negotiable by a provision that the goods are to be delivered only against an order in a
576 record signed by the same or another named person.

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

579 SECTION 7-105. Reissuance In Alternative Medium.

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

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

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

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

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

590 (2) the person that procured issuance of the tangible document warrants to all
591 subsequent persons entitled under the tangible document that the warrantor was a person entitled
592 under the electronic document when the warrantor surrendered control of the electronic
593 document to the issuer.

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

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

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

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

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

604 (2) the person that procured issuance of the electronic document warrants to all
605 subsequent persons entitled under the electronic document that the warrantor was a person
606 entitled under the tangible document when the warrantor surrendered possession of the tangible
607 document to the issuer.

608 SECTION 7-106. Control Of Electronic Document Of Title.

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

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

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

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

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

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

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

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

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

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

629 PART 2 WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

630 SECTION 7-201. Person That May Issue A Warehouse Receipt; Storage Under Bond.

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

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

636 SECTION 7-202. Form Of Warehouse Receipt; Effect Of Omission.

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

638 (b) The warehouse is liable for damages caused to a person injured by its omission,
639 unless a warehouse receipt provides for each of the following:

640 (1) a statement of the location of the warehouse facility where the goods are
641 stored;

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

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

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

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

649 (6) a description of the goods or the packages containing such goods;

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

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

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

658 (c) A warehouse may insert in its receipt any terms that are not contrary to this chapter
659 and do not impair its obligation of delivery under section 7-403 or its duty of care under section
660 7-204. Any contrary provision is ineffective.

661 SECTION 7-203. Liability For Nonreceipt Or Misdescription. A party to or purchaser
662 for value in good faith of a document of title, other than a bill of lading, that relies upon the
663 description of the goods in the document may recover from the issuer damages caused by the
664 nonreceipt or misdescription of the goods, except to the extent that:

665 (1) the document conspicuously indicates that the issuer does not know whether all or
666 part of the goods in fact were received or conform to the description, such as a case in which the
667 description is in terms of marks or labels or kind, quantity or condition or the receipt or
668 description is qualified by "contents, condition and quality unknown", "said to contain" or words
669 of similar import, if the indication is true; or

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

671 SECTION 7-204. Duty Of Care; Contractual Limitation Of Warehouse's Liability.

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

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

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

687 SECTION 7-205. Title Under Warehouse Receipt Defeated In Certain Cases. A buyer in
688 the ordinary course of business of fungible goods sold and delivered by a warehouse that is also
689 in the business of buying and selling such goods, takes the goods free of any claim under a
690 warehouse receipt even if the receipt is negotiable and has been duly negotiated.

691 SECTION 7-206. Termination Of Storage At Warehouse Option.

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

698 (b) If a warehouse in good faith believes that goods are about to deteriorate or decline in
699 value to less than the amount of its lien within the time provided in subsection (a) and section 7-
700 210, the warehouse may specify in the notice given under subsection (a) any reasonable shorter
701 time for removal of the goods and, if the goods are not removed, may sell them at public sale
702 held not less than 1 week after a single advertisement or posting.

703 (c) If, as a result of a quality or condition of the goods of which the warehouse did not
704 have notice at the time of deposit, the goods are a hazard to other property, the warehouse
705 facilities or other persons, the warehouse may sell the goods at public or private sale without
706 advertisement or posting on reasonable notification to all persons known to claim an interest in
707 the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose
708 of them in any lawful manner and does not incur liability by reason of that disposition.

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

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

714 SECTION 7-207. Goods Must Be Kept Separate; Fungible Goods.

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

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

723 SECTION 7-208. Altered Warehouse Receipts. If a blank in a negotiable tangible
724 warehouse receipt has been filled in without authority, a good-faith purchaser for value and
725 without notice of the lack of authority may treat the insertion as authorized. Any other
726 unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against
727 the issuer according to its original tenor.

728 SECTION 7-209. Lien Of Warehouse.

729 (a) A warehouse has a lien against the bailor on the goods covered by a warehouse receipt
730 or storage agreement or on the proceeds thereof in its possession for charges for storage or
731 transportation, including demurrage and terminal charges, insurance, labor or other charges,
732 present or future, in relation to the goods, and for expenses necessary for preservation of the
733 goods or reasonably incurred in their sale pursuant to law. If the person on whose account the
734 goods are held is liable for similar charges or expenses in relation to other goods whenever
735 deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for
736 charges and expenses in relation to other goods, the warehouse also has a lien against the goods
737 covered by the warehouse receipt or storage agreement or on the proceeds thereof in its
738 possession for those charges and expenses, whether or not the other goods have been delivered
739 by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly
740 negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the
741 warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the
742 specific goods covered by the receipt subsequent to the date of the receipt.

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

746 (c) A warehouse's lien for charges and expenses under subsection (a) or a security
747 interest under subsection (b) is also effective against any person that so entrusted the bailor with
748 possession of the goods that a pledge of them by the bailor to a good-faith purchaser for value
749 would have been valid. However, the lien or security interest is not effective against a person
750 that before issuance of a document of title had a legal interest or a perfected security interest in
751 the goods and that did not:

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

- 754 (A) actual or apparent authority to ship, store or sell;
755 (B) power to obtain delivery under section 7-403; or
756 (C) power of disposition under sections 2-403, 2A-304(2), 2A-305(2), 9-
757 320 or 9-321(c) or other statute or rule of law; or

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

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

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

765 SECTION 7-210. Enforcement Of Warehouse's Lien.

766 (a) Except as otherwise provided in subsection (b), a warehouse's lien may be enforced
767 by public or private sale of the goods, in bulk or in packages, at any time or place and on any
768 terms that are commercially reasonable, after notifying all persons known to claim an interest in
769 the goods. The notification must include a statement of the amount due, the nature of the
770 proposed sale and the time and place of any public sale. The fact that a better price could have
771 been obtained by a sale at a different time or in a method different from that selected by the
772 warehouse is not of itself sufficient to establish that the sale was not made in a commercially
773 reasonable manner. The warehouse sells in a commercially reasonable manner if the warehouse
774 sells the goods in the usual manner in any recognized market therefore, sells at the price current
775 in that market at the time of the sale or otherwise sells in conformity with commercially
776 reasonable practices among dealers in the type of goods sold. A sale of more goods than
777 apparently necessary to be offered to ensure satisfaction of the obligation is not commercially
778 reasonable, except in cases covered by the preceding sentence.

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

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

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

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

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

790 (5) After the expiration of the time given in the notification, an advertisement of
791 the sale must be published once a week for 2 consecutive weeks in a newspaper of general
792 circulation where the sale is to be held. The advertisement must include a description of the
793 goods, the name of the person on whose account the goods are being held and the time and place
794 of the sale. The sale must take place at least 15 days after the first publication. If there is no
795 newspaper of general circulation where the sale is to be held, the advertisement must be posted at
796 least 10 days before the sale in not fewer than 6 conspicuous places in the neighborhood of the
797 proposed sale.

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

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

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

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

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

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

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

815 PART 3 BILLS OF LADING: SPECIAL PROVISIONS

816 SECTION 7-301. Liability For Nonreceipt Or Misdescription; "Saud To Contain";
817 "Shipper's Weight, Load And Count"; Improper Handling.

818 (a) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a
819 holder to which a negotiable bill has been duly negotiated, relying upon the description of the
820 goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused
821 by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent

822 that the bill indicates that the issuer does not know whether any part or all of the goods in fact
823 were received or conform to the description, such as in a case in which the description is in terms
824 of marks or labels or kind, quantity or condition or the receipt or description is qualified by
825 "contents or condition of contents of packages unknown", "said to contain", "shipper's weight,
826 load and count," or words of similar import, if that indication is true.

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

828 (1) the issuer shall count the packages of goods, if shipped in packages, and
829 ascertain the kind and quantity if shipped in bulk; and

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

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

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

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

847 SECTION 7-302. Through Bills Of Lading And Similar Documents Of Title.

848 (a) The issuer of a through bill of lading, or other document of title embodying an
849 undertaking to be performed in part by a person acting as its agent or by a performing carrier, is
850 liable to any person entitled to recover on the bill or other document for any breach by the other
851 person or the performing carrier of its obligation under the bill or other document. However, to
852 the extent that the bill or other document covers an undertaking to be performed overseas or in
853 territory not contiguous to the continental United States or an undertaking including matters
854 other than transportation, this liability for breach by the other person or the performing carrier
855 may be varied by agreement of the parties.

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

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

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

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

870 SECTION 7-303. Diversion; Reconsignment; Change Of Instructions.

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

874 (1) the holder of a negotiable bill;

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

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

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

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

885 SECTION 7-304. Tangible Bills Of Lading In A Set.

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

889 (b) If a tangible bill of lading is lawfully issued in a set of parts, each of which contains
890 an identification code and is expressed to be valid only if the goods have not been delivered
891 against any other part, the whole of the parts constitutes 1 bill.

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

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

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

902 SECTION 7-305. Destination Bills.

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

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

910 SECTION 7-306. Altered Bills Of Lading. An unauthorized alteration or filling in of a
911 blank in a bill of lading leaves the bill enforceable according to its original tenor.

912 SECTION 7-307. Lien Of Carrier.

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

920 (b) A lien for charges and expenses under subsection (a) on goods that the carrier was
921 required by law to receive for transportation is effective against the consignor or any person
922 entitled to the goods unless the carrier had notice that the consignor lacked authority to subject

923 the goods to those charges and expenses. Any other lien under subsection (a) is effective against
924 the consignor and any person that permitted the bailor to have control or possession of the goods
925 unless the carrier had notice that the bailor lacked authority.

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

928 SECTION 7-308. Enforcement Of Carrier's Lien.

929 (a) A carrier's lien on goods may be enforced by public or private sale of the goods, in
930 bulk or in packages, at any time or place and on any terms that are commercially reasonable,
931 after notifying all persons known to claim an interest in the goods. The notification must include
932 a statement of the amount due, the nature of the proposed sale and the time and place of any
933 public sale. The fact that a better price could have been obtained by a sale at a different time or
934 in a method different from that selected by the carrier is not of itself sufficient to establish that
935 the sale was not made in a commercially reasonable manner. The carrier sells goods in a
936 commercially reasonable manner if the carrier sells the goods in the usual manner in any
937 recognized market therefor, sells at the price current in that market at the time of the sale or
938 otherwise sells in conformity with commercially reasonable practices among dealers in the type
939 of goods sold. A sale of more goods than apparently necessary to be offered to ensure
940 satisfaction of the obligation is not commercially reasonable, except in cases covered by the
941 preceding sentence.

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

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

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

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

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

955 (g) A carrier's lien may be enforced pursuant to either subsection (a) or the procedure set
956 forth in subsection (b) of section 7-210.

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

959 SECTION 7-309. Duty Of Care; Contractual Limitation Of Carrier's Liability.

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

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

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

974 PART 4 WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL
975 OBLIGATIONS

976 SECTION 7-401. Irregularities In Issue Of Receipt Or Bill Or Conduct Of Issuer. The
977 obligations imposed by this article on an issuer apply to a document of title even if:

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

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

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

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

985 SECTION 7-402. Duplicate Document Of Title; Overissue. A duplicate or any other
986 document of title purporting to cover goods already represented by an outstanding document of
987 the same issuer does not confer any right in the goods, except as provided in the case of tangible
988 bills of lading in a set of parts, overissue of documents for fungible goods, substitutes for lost,
989 stolen or destroyed documents or substitute documents issued pursuant to section 7-105. The

990 issuer is liable for damages caused by its overissue or failure to identify a duplicate document by
991 a conspicuous notation.

992 SECTION 7-403. Obligation Of Bailee To Deliver; Excuse.

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

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

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

1000 (3) previous sale or other disposition of the goods in lawful enforcement of a lien
1001 or on a warehouse's lawful termination of storage;

1002 (4) the exercise by a seller of its right to stop delivery pursuant to section 2-705 or
1003 by a lessor of its right to stop delivery pursuant to section 2A-526;

1004 (5) a diversion, reconsignment or other disposition pursuant to section 7-303;

1005 (6) release, satisfaction or any other personal defense against the claimant; or

1006 (7) any other lawful excuse.

1007 (b) A person claiming goods covered by a document of title shall satisfy the bailee's lien
1008 if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the
1009 charges are paid.

1010 (c) Unless a person claiming the goods is a person against which the document of title
1011 does not confer a right under subsection (a) of section 7-503:

1012 (1) the person claiming under a document shall surrender possession or control of
1013 any outstanding negotiable document covering the goods for cancellation or indication of partial
1014 deliveries; and

1015 (2) the bailee shall cancel the document or conspicuously indicate in the
1016 document the partial delivery or the bailee is liable to any person to which the document is duly
1017 negotiated.

1018 SECTION 7-404. No Liability For Good-Faith Delivery Pursuant To Document Of Title.

1019 A bailee that in good faith has received goods and delivered or otherwise disposed of the goods
1020 according to the terms of a document of title or pursuant to this article is not liable for the goods
1021 even if:

1022 (1) the person from which the bailee received the goods did not have authority to procure
1023 the document or to dispose of the goods; or

1024 (2) the person to which the bailee delivered the goods did not have authority to receive
1025 the goods.

1026 PART 5 WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND
1027 TRANSFER

1028 SECTION 7-501. Form Of Negotiation And Requirements Of Due Negotiation.

1029 (a) The following rules apply to a negotiable tangible document of title:

1030 (1) If the document's original terms run to the order of a named person, the
1031 document is negotiated by the named person's indorsement and delivery. After the named
1032 person's indorsement in blank or to bearer, any person may negotiate the document by delivery
1033 alone.

1034 (2) If the document's original terms run to bearer, it is negotiated by delivery
1035 alone.

1036 (3) If the document's original terms run to the order of a named person and it is
1037 delivered to the named person, the effect is the same as if the document had been negotiated.

1038 (4) Negotiation of the document after it has been indorsed to a named person
1039 requires indorsement by the named person and delivery.

1040 (5) A document is duly negotiated if it is negotiated in the manner stated in this
1041 subsection to a holder that purchases it in good faith, without notice of any defense against or
1042 claim to it on the part of any person, and for value, unless it is established that the negotiation is
1043 not in the regular course of business or financing or involves receiving the document in
1044 settlement or payment of a monetary obligation.

1045 (b) The following rules apply to a negotiable electronic document of title:

1046 (1) If the document's original terms run to the order of a named person or to
1047 bearer, the document is negotiated by delivery of the document to another person. Indorsement
1048 by the named person is not required to negotiate the document.

1049 (2) If the document's original terms run to the order of a named person and the
1050 named person has control of the document, the effect is the same as if the document had been
1051 negotiated.

1052 (3) A document is duly negotiated if it is negotiated in the manner stated in this
1053 subsection to a holder that purchases it in good faith, without notice of any defense against or

1054 claim to it on the part of any person, and for value, unless it is established that the negotiation is
1055 not in the regular course of business or financing or involves taking delivery of the document in
1056 settlement or payment of a monetary obligation.

1057 (c) Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds
1058 to the transferee's rights.

1059 (d) The naming in a negotiable bill of lading of a person to be notified of the arrival of
1060 the goods does not limit the negotiability of the bill or constitute notice to a purchaser of the bill
1061 of any interest of that person in the goods.

1062 SECTION 7-502. Rights Acquired By Due Negotiation.

1063 (a) Subject to sections 7-205 and 7-503, a holder to which a negotiable document of title
1064 has been duly negotiated acquires thereby:

1065 (1) title to the document;

1066 (2) title to the goods;

1067 (3) all rights accruing under the law of agency or estoppel, including rights to
1068 goods delivered to the bailee after the document was issued; and

1069 (4) the direct obligation of the issuer to hold or deliver the goods according to the
1070 terms of the document free of any defense or claim by the issuer except those arising under the
1071 terms of the document or under this article, but in the case of a delivery order, the bailee's
1072 obligation accrues only upon the bailee's acceptance of the delivery order and the obligation
1073 acquired by the holder is that the issuer and any indorser will procure the acceptance of the
1074 bailee.

1075 (b) Subject to section 7-503, title and rights acquired by due negotiation are not defeated
1076 by any stoppage of the goods represented by the document of title or by surrender of the goods
1077 by the bailee and are not impaired even if:

1078 (1) the due negotiation or any prior due negotiation constituted a breach of duty;

1079 (2) any person has been deprived of possession of a negotiable tangible document
1080 or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake,
1081 duress, loss, theft or conversion; or

1082 (3) a previous sale or other transfer of the goods or document has been made to a
1083 third person.

1084 SECTION 7-503. Document Of Title To Goods Defeated In Certain Cases.

1085 (a) A document of title confers no right in goods against a person that before issuance of
1086 the document had a legal interest or a perfected security interest in the goods and that did not:

1087 (1) deliver or entrust the goods or any document of title covering the goods to the
1088 bailor or the bailor's nominee with:

1089 (A) actual or apparent authority to ship, store or sell;

1090 (B) power to obtain delivery under section 7-403; or

1091 (C) power of disposition under section 2-403, 2A-304(2), 2A-305(2), 9-
1092 320, or 9-321(c) or other statute or rule of law; or

1093 (2) acquiesce in the procurement by the bailor or its nominee of any document.

1094 (b) Title to goods based upon an unaccepted delivery order is subject to the rights of any
1095 person to which a negotiable warehouse receipt or bill of lading covering the goods has been
1096 duly negotiated. That title may be defeated under section 7-504 to the same extent as the rights
1097 of the issuer or a transferee from the issuer.

1098 (c) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the
1099 rights of any person to which a bill issued by the freight forwarder is duly negotiated. However,
1100 delivery by the carrier in accordance with part 4 of this article pursuant to its own bill of lading
1101 discharges the carrier's obligation to deliver.

1102 SECTION 7-504. Rights Acquired In Absence Of Due Negotiation; Effect Of Diversion;
1103 Stoppage Of Delivery.

1104 (a) A transferee of a document of title, whether negotiable or nonnegotiable, to which the
1105 document has been delivered but not duly negotiated, acquires the title and rights that its
1106 transferor had or had actual authority to convey.

1107 (b) In the case of a transfer of a nonnegotiable document of title, until but not after the
1108 bailee receives notice of the transfer, the rights of the transferee may be defeated:

1109 (1) by those creditors of the transferor which could treat the transfer as void under
1110 section 2-402 or 2A-308 ;

1111 (2) by a buyer from the transferor in ordinary course of business if the bailee has
1112 delivered the goods to the buyer or received notification of the buyer's rights;

1113 (3) by a lessee from the transferor in ordinary course of business if the bailee has
1114 delivered the goods to the lessee or received notification of the lessee's rights; or

1115 (4) as against the bailee, by good-faith dealings of the bailee with the transferor.

1116 (c) A diversion or other change of shipping instructions by the consignor in a
1117 nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee
1118 defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary
1119 course of business or a lessee in ordinary course of business and, in any event, defeats the
1120 consignee's rights against the bailee.

1121 (d) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped
1122 by a seller under section 2-705 or a lessor under section 2A-526, subject to the requirements of
1123 due notification in those sections. A bailee that honors the seller's or lessor's instructions is
1124 entitled to be indemnified by the seller or lessor against any resulting loss or expense.

1125 SECTION 7-505. Indorser Not Guarantor For Other Parties. The indorsement of a
1126 tangible document of title issued by a bailee does not make the indorser liable for any default by
1127 the bailee or previous indorsers.

1128 SECTION 7-506. Delivery Without Indorsement: Right To Compel Indorsement. The
1129 transferee of a negotiable tangible document of title has a specifically enforceable right to have
1130 its transferor supply any necessary indorsement, but the transfer becomes a negotiation only as of
1131 the time the indorsement is supplied.

1132 SECTION 7-507. Warranties On Negotiations Or Delivery Of Document Of Title. If a
1133 person negotiates or delivers a document of title for value, otherwise than as a mere intermediary
1134 under section 7-508, unless otherwise agreed, the transferor, in addition to any warranty made in
1135 selling or leasing the goods, warrants to its immediate purchaser only that:

1136 (1) the document is genuine;

1137 (2) the transferor does not have knowledge of any fact that would impair the document's
1138 validity or worth; and

1139 (3) the negotiation or delivery is rightful and fully effective with respect to the title to the
1140 document and the goods it represents.

1141 SECTION 7-508. Warranties Of Collecting Bank As To Documents Of Title. A
1142 collecting bank or other intermediary known to be entrusted with documents of title on behalf of
1143 another or with collection of a draft or other claim against delivery of documents warrants by the
1144 delivery of the documents only its own good faith and authority even if the collecting bank or
1145 other intermediary has purchased or made advances against the claim or draft to be collected.

1146 SECTION 7-509. Adequate Compliance With Commercial Contract. Whether a
1147 document of title is adequate to fulfill the obligations of a contract for sale, a contract for lease or
1148 the conditions of a letter of credit is determined by article 2, 2A, or 5.

1149 PART 6 WAREHOUSE RECEIPTS AND BILLS OF LADING:

1150 MISCELLANEOUS PROVISIONS

1151 SECTION 7-601. Lost, Stolen, Or Destroyed Documents Of Title.

1152 (a) If a document of title is lost, stolen or destroyed, a court may order delivery of the
1153 goods or issuance of a substitute document and the bailee may without liability to any person
1154 comply with the order. If the document was negotiable, a court may not order delivery of the
1155 goods or issuance of a substitute document without the claimant's posting security unless it finds
1156 that any person that may suffer loss as a result of nonsurrender of possession or control of the
1157 document is adequately protected against the loss. If the document was nonnegotiable, the court
1158 may require security. The court may also order payment of the bailee's reasonable costs and
1159 attorney's fees in any action under this subsection.

1160 (b) A bailee that, without a court order, delivers goods to a person claiming under a
1161 missing negotiable document of title is liable to any person injured thereby. If the delivery is
1162 not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if
1163 the claimant posts security with the bailee in an amount at least double the value of the goods at
1164 the time of posting to indemnify any person injured by the delivery which files a notice of claim
1165 within 1 year after the delivery.

1166 SECTION 7-602. Judicial Process Against Goods Covered By Negotiable Document Of
1167 Title. Unless a document of title was originally issued upon delivery of the goods by a person
1168 that did not have power to dispose of them, a lien does not attach by virtue of any judicial
1169 process to goods in the possession of a bailee for which a negotiable document of title is
1170 outstanding unless possession or control of the document is first surrendered to the bailee or the
1171 document's negotiation is enjoined. The bailee may not be compelled to deliver the goods
1172 pursuant to process until possession or control of the document is surrendered to the bailee or to
1173 the court. A purchaser of the document for value without notice of the process or injunction
1174 takes free of the lien imposed by judicial process.

1175 SECTION 7-603. Conflicting Claims; Interpleader. If more than 1 person claims title to
1176 or possession of the goods, the bailee is excused from delivery until the bailee has a reasonable
1177 time to ascertain the validity of the adverse claims or to commence an action for interpleader.
1178 The bailee may assert an interpleader either in defending an action for nondelivery of the goods
1179 or by original action.

1180 SECTION 46. Subsection (a) of section 8-102 of said chapter 106, as so appearing, is
1181 hereby amended by striking out clause (10) and inserting in place thereof the following clause:--

1182 (10) "[Reserved]".

1183 SECTION 47. Section 8-103 of said chapter 106, as so appearing, is hereby amended by
1184 adding the following subsection:-

1185 (g) A document of title, as defined in section 1-201(16), is not a financial asset unless
1186 section 8-102(a)(9)(iii) applies.

1187 SECTION 48. Section 9-102 of said chapter 106, as so appearing, is hereby amended by
1188 striking out, in line 33, the words “, other than a security interest,”.

1189 SECTION 49. Said section 9-102 of said chapter 106, as so appearing, is hereby further
1190 amended by striking out, in line 174, the figure “7-201(2)” and inserting in place thereof the
1191 following figure:- 7-201(b).

1192 SECTION 50. Said section 9-102 of said chapter 106, as so appearing, is hereby further
1193 amended by striking out paragraph (43) and inserting in place thereof the following paragraph:-

1194 (43) [Reserved].

1195 SECTION 51. Said section 9-102 of said chapter 106, as so appearing, is hereby further
1196 amended by inserting after the word “provided”, in line 244, the following words:- or to be
1197 provided.

1198 SECTION 52. Said section 9-102 of said chapter 106, as so appearing, is hereby further
1199 amended by inserting after line 443, the following line:- “Control” (with respect to a document
1200 of title). Section 7-106.

1201 SECTION 53. Section 9-109 of said chapter 106, as so appearing, is hereby amended by
1202 striking out, in line 56, the figure “9-403” and inserting in place thereof the following figure:- 9-
1203 404.

1204 SECTION 54. Section 9-203 of said chapter 106, as so appearing, is hereby amended by
1205 striking out, in line 22, the words “or letter-of credit rights” and inserting in place thereof the
1206 following words:- letter-of credit rights or electronic documents,.

1207 SECTION 55. Said section 9-203 of said chapter 106, as so appearing, is hereby further
1208 amended by striking out, in line 23, the word “or 9-107” and inserting in place thereof the
1209 following words:- 9-107 or 7-106.

1210 SECTION 56. Section 9-207 of said chapter 106, as so appearing, is hereby amended by
1211 striking out, in line 27, the word “or 9-107” and inserting in place thereof the following words:-
1212 9-107 or 7-106.

1213 SECTION 57. Section 9-208 of said chapter 106, as so appearing, is hereby amended by
1214 striking out, in line 38, the word “and”.

1215 SECTION 57A. Said section 9-208 of said chapter 106, as so appearing, is hereby further
1216 amended by striking out, in line 43, the word “party.” and inserting in place thereof the
1217 following words:- party; and.

1218 (6) a secured party having control of an electronic document shall:

1219 (A) give control of the electronic document to the debtor or its designated
1220 custodian;

1221 (B) if the debtor designates a custodian that is the designated custodian with
1222 which the authoritative copy of the electronic document is maintained for the secured party,
1223 communicate to the custodian an authenticated record releasing the designated custodian from
1224 any further obligation to comply with instructions originated by the secured party and instructing
1225 the custodian to comply with instructions originated by the debtor; and

1226 (C) take appropriate action to enable the debtor or its designated custodian to
1227 make copies of or revisions to the authoritative copy which add or change an identified assignee
1228 of the authoritative copy without the consent of the secured party.

1229 SECTION 58. Section 9-209 of said chapter 106, as so appearing, is hereby amended by
1230 striking out, in line 10, the figure “9-405(a)” and inserting in place thereof the following figure:-
1231 9-406(a).

1232 SECTION 59. Section 9-301 of said chapter 106, as so appearing, is hereby amended by
1233 inserting after the word “ while”, in line 12, the following word:- tangible.

1234 SECTION 60. Section 9-304 of said chapter 106, as so appearing, is hereby amended by
1235 striking out, in line 7, the words “the debtor” and inserting in place thereof the following words:-
1236 its customer

1237 SECTION 61. Section 9-309 of said chapter 106, as so appearing, is hereby amended by
1238 striking out, in line 26, the word “and”.

1239 SECTION 61A. Said section 9-309 of said chapter 106, as so appearing, is hereby further
1240 amended by striking out, in line 28, the word “estate.” and inserting in place thereof the
1241 following words:- estate; and.

1242 (14) a sale by an individual of an account that is a right to payment of winnings in a
1243 lottery or other game of chance.

1244 SECTION 62. Section 9-310 of said chapter 106, as so appearing, is hereby amended by
1245 inserting after the word “ filing”, in line 13, the following word:- , control.

1246 SECTION 63. Section 9-310 of said chapter 106, as so appearing, is hereby further
1247 amended by inserting after the word “ paper”, in line 17, the following words:- , electronic
1248 documents.

1249 SECTION 64. Section 9-312 of said chapter 106, as so appearing, is hereby amended by
1250 inserting after the word “ possession”, in line 30, the following words:- or control.

1251 SECTION 65. Section 9-313 of said chapter 106, as so appearing, is hereby amended by
1252 inserting after the word “ in”, in line 3, the following word:- tangible.

1253 SECTION 66. Section 9-314 of said chapter 106, as so appearing, is hereby amended by
1254 striking out, in lines 2 and 3, the words “or electronic chattel paper” and inserting in place
1255 thereof the following words:- electronic chattel paper or electronic documents.

1256 SECTION 67. Said section 9-314 of said chapter 106, as so appearing, is hereby further
1257 amended by striking out, in line 4, the word “or 9-107,” and inserting in place thereof the
1258 following words:- 9-107 or 7-106.

1259 SECTION 68. Said section 9-314 of said chapter 106, as so appearing, is hereby further
1260 amended by striking out, in line 7, the words “or letter-of-credit rights” and inserting in place
1261 thereof the following words:- letter-of-credit rights or electronic documents.

1262 SECTION 69. Said section 9-314 of said chapter 106, as so appearing, is hereby further
1263 amended by striking out, in line 8, the word “or 9-107” and inserting in place thereof the
1264 following words:- 9-107 or 7-106.

1265 SECTION 70. Section 9-317 of said chapter 106, as so appearing, is hereby amended by
1266 inserting after the word “ paper,” in line 11, the following word:- tangible.

1267 SECTION 71. Said section 9-317 of said chapter 106, as so appearing, is hereby further
1268 amended by inserting after the word “ paper”, in line 23, the following words:- , electronic
1269 documents.

1270 SECTION 72. Section 9-338 of said chapter 106, as so appearing, is hereby amended by
1271 striking out, in line 11, the words “chattel paper,” and inserting in place thereof the following
1272 words:- tangible chattel paper, tangible.

1273 SECTION 73. Article 9 of said chapter 106, as so appearing, is hereby further amended
1274 by inserting after section 9-341 the following section:-

1275 SECTION 9-342. Bank’s Right To Refuse To Enter Into Or Disclose Existence Of
1276 Control Agreement. This article does not require a bank to enter into an agreement of the kind
1277 described in Section 9-104(a)(2) even if its customer so requests or directs. A bank that has
1278 entered into such an agreement is not required to confirm the existence of the agreement to
1279 another person unless requested to do so by its customer.

1280 SECTION 74. Section 9-401 of said chapter 106, as so appearing, is hereby amended by
1281 striking out, in lines 2 and 3, the word “9-405, 9-406, 9-407, and 9-408” and inserting in place
1282 thereof the following words:- 9-406, 9-407, 9-408 and 9-409.

1283 SECTION 75. Part 4 of article 9 of said chapter 106 is hereby amended by inserting after
1284 Section 9-401 the following section:--

1285 SECTION 9-402. Secured Party Not Obligated On Contract Of Debtor Or In Tort. The
1286 existence of a security interest, agricultural lien or authority given to a debtor to dispose of or use
1287 collateral, without more, does not subject a secured party to liability in contract or tort for the
1288 debtor's acts or omissions.

1289 SECTION 75A. Said part 4 of said article 9 of said chapter 106 is hereby further
1290 amended by striking out the section number "9-402", as appearing in the 2010 Official Edition,
1291 and inserting in place thereof the following section number:- 9-403.

1292 SECTION 75B. Said part 4 of said article 9 of said chapter 106 is hereby further
1293 amended by striking out the section number "9-403", as so appearing, and inserting in place
1294 thereof the following section number:- 9-404.

1295 SECTION 75C. Said part 4 of said article 9 of said chapter 106 is hereby further
1296 amended by striking out the section number "9-404", as so appearing, and inserting in place
1297 thereof the following section number:- 9-405.

1298 SECTION 76. Said section 9-404 of said chapter 106, as so appearing, is hereby further
1299 amended by striking out, in line 13, the figure "9-405(a)" and inserting in place thereof the
1300 following figure:- 9-406(a).

1301 SECTION 76A. Part 4 of article 9 of said chapter 106 is hereby amended by striking out
1302 the section number "9-405", as so appearing, and inserting in place thereof the following section
1303 number:- 9-406.

1304 SECTION 77. Section 9-405 of said chapter 106, as so appearing, is hereby further
1305 amended by striking out, in line 31, the figure "9-406" and inserting in place thereof the
1306 following figure:- 9-407.

1307 SECTION 78. Said section 9-405 of said chapter 106, as so appearing, is hereby
1308 amended by striking out, in line 48, the figure "9-406" and inserting in place thereof the
1309 following figure:- 9-407.

1310 SECTION 78A. Said part 4 of said article 9 of said chapter 106 is hereby further
1311 amended by striking out the section number "9-406", as so appearing, and inserting in place
1312 thereof the following section number:- 9-407.

1313 SECTION 78B. Said part 4 of said article 9 of said chapter 106 is hereby further
1314 amended by striking out the section number "9-407", as so appearing, and inserting in place
1315 thereof the following section number:- 9-408.

1316 SECTION 78C. Said part 4 of said article 9 of said chapter 106 is hereby further
1317 amended by striking out the section number "9-408", as so appearing, and inserting in place
1318 thereof the following section number:- 9-409.

1319 SECTION 79. Section 9-601 of said chapter 106, as so appearing, is hereby amended by
1320 striking out, in line 12, the word “or 9-107” and inserting in place thereof the following word:- 9-
1321 107 or 7-106.

1322 SECTION 80. Section 9-702 of said chapter 106, as so appearing, is hereby amended by
1323 striking out, in line 6, the figure “9-708” and inserting in place thereof the following figure:- 9-
1324 709.

1325 SECTION 81. Section 9-706 of said chapter 106, as so appearing, is hereby amended by
1326 striking out, in line 14, the figure “9-402” and inserting in place thereof the following figure:- 9-
1327 403.

1328 SECTION 82. Section 47 of chapter 152 of the General Laws, as so appearing, is hereby
1329 amended by striking out, in line 17, the word “9-405 and 9-407” and inserting in place thereof
1330 the following word:- 9-406 and 9-408.

1331 SECTION 84. Clause (7) of subsection (a) of section 9-102 of said chapter 106, as
1332 appearing in the 2010 Official Edition, is hereby amended by striking out subclause (B) and
1333 inserting in place thereof the following subclause:-

1334 (B) with present intent to adopt or accept a record, to attach to or logically associate with
1335 the record an electronic sound, symbol or process.

1336 SECTION 85. Clause (10) of said subsection (a) of said section 9-102 of said chapter
1337 106, as so appearing, is hereby amended by adding the following sentence:- The term includes
1338 another record maintained as an alternative to a certificate of title by the governmental unit that
1339 issues certificates of title if a law permits the security interest in question to be indicated on the
1340 record as a condition or result of the security interest’s obtaining priority over the rights of a lien
1341 creditor with respect to the collateral.

1342 SECTION 86. Said section 9-102 of said chapter 106, as so appearing, is hereby further
1343 amended by inserting after the word “ is”, in line 264, the following words:- formed or.

1344 SECTION 87. Subsection (a) of said section 9-102 of said chapter 106, as so appearing,
1345 is hereby amended by inserting after clause (67) the following clause:-

1346 (68) “Public organic record” means a record that is available to the public for inspection
1347 and is:

1348 (A) a record consisting of the record initially filed with or issued by a state or the
1349 United States to form or organize an organization and any record filed with or issued by the state
1350 or the United States which amends or restates the initial record;

1351 (B) an organic record of a business trust consisting of the record initially filed
1352 with a state and any record filed with the state which amends or restates the initial record, if a
1353 statute of the State governing business trusts requires that the record be filed with the state; or

1354 (C) a record consisting of legislation enacted by the legislature of a state or the
1355 Congress of the United States which forms or organizes an organization, any record amending
1356 the legislation and any record filed with or issued by the state or the United States which amends
1357 or restates the name of the organization.

1358 SECTION 87A. Said section 9-102 of said chapter 106 is hereby further amended by
1359 striking out, in line 366, as so appearing, the figure “(68)” and inserting in place thereof the
1360 following figure:- (69).

1361 SECTION 87B. Said section 9-102 of said chapter 106 is hereby further amended by
1362 striking out, in line 371, as so appearing, the figure “(69)” and inserting in place thereof the
1363 following figure:- (70).

1364 SECTION 87C. Said section 9-102 of said chapter 106 is hereby further amended by
1365 striking out, in line 375, as so appearing, the figure “(70)” and inserting in place thereof the
1366 following figure:- (71).

1367 SECTION 88. Said section 9-102 of said chapter 106, as so appearing, is hereby further
1368 amended by inserting after the word “ organization”, in said line 375, the following words:-
1369 formed or.

1370 SECTION 89. Said section 9-102 of said chapter 106 is hereby further amended by
1371 striking out, in lines 376 to 378, inclusive, as so appearing, the words “and as to which the state
1372 or the United States must maintain a public record showing the organization to have been
1373 organized” and inserting in place thereof the following words:- by the filing of a public organic
1374 record with, the issuance of a public organic record by, or the enactment of legislation by the
1375 state or the United States. The term includes a business trust that is formed or organized under
1376 the law of a single state if a statute of the state governing business trusts requires that the
1377 business trust’s organic record be filed with the state.

1378 SECTION 89A. Said section 9-102 of said chapter 106 is hereby further amended by
1379 striking out, in line 379, as so appearing, the figure “(71)” and inserting in place thereof the
1380 following figure:- (72).

1381 SECTION 89B. Said section 9-102 of said chapter 106 is hereby further amended by
1382 striking out, in line 384, as so appearing, the figure “(72)” and inserting in place thereof the
1383 following figure:- (73).

1384 SECTION 89C. Said section 9-102 of said chapter 106 is hereby further amended by
1385 striking out, in line 397, as so appearing, the figure “(73)” and inserting in place thereof the
1386 following figure:- (74).

1387 SECTION 89D. Said section 9-102 of said chapter 106 is hereby further amended by
1388 striking out, in line 399, as so appearing, the figure “(74)” and inserting in place thereof the
1389 following figure:- (75).

1390 SECTION 89E. Said section 9-102 of said chapter 106 is hereby further amended by
1391 striking out, in line 407, as so appearing, the figure “(75)” and inserting in place thereof the
1392 following figure:- (76).

1393 SECTION 89F. Said section 9-102 of said chapter 106 is hereby further amended by
1394 striking out, in line 411, as so appearing, the figure “(76)” and inserting in place thereof the
1395 following figure:- (77).

1396 SECTION 89G. Said section 9-102 of said chapter 106 is hereby further amended by
1397 striking out, in line 414, as so appearing, the figure “(77)” and inserting in place thereof the
1398 following figure:- (78).

1399 SECTION 89H. Said section 9-102 of said chapter 106 is hereby further amended by
1400 striking out, in line 418, as so appearing, the figure “(78)” and inserting in place thereof the
1401 following figure:- (79).

1402 SECTION 89I. Said section 9-102 of said chapter 106 is hereby further amended by
1403 striking out, in line 421, as so appearing, the figure “(79)” and inserting in place thereof the
1404 following figure:- (80)

1405 SECTION 89J. Said section 9-102 of said chapter 106 is hereby further amended by
1406 striking out, in line 427, as so appearing, the figure “(80)” and inserting in place thereof the
1407 following figure:- (81).

1408 SECTION 90. Said chapter 106 is hereby further amended by striking out section 9-105,
1409 as so appearing, and inserting in place thereof the following section:-

1410 SECTION 9-105. Control Of Electronic Chattel Paper

1411 (a) General rule: control of electronic chattel paper. A secured party has control of
1412 electronic chattel paper if a system employed for evidencing the transfer of interests in the
1413 chattel paper reliably establishes the secured party as the person to which the chattel paper was
1414 assigned.

1415 (b) Specific facts giving control. A system satisfies subsection (a) if the record or
1416 records comprising the chattel paper are created, stored and assigned in such a manner that:

1417 (1) a single authoritative copy of the record or records exists which is unique,
1418 identifiable and, except as otherwise provided in clauses (4), (5) and (6), unalterable;

1419 (2) the authoritative copy identifies the secured party as the assignee of the record
1420 or records;

1421 (3) the authoritative copy is communicated to and maintained by the secured party
1422 or its designated custodian;

1423 (4) copies or amendments that add or change an identified assignee of the
1424 authoritative copy can be made only with the consent of the secured party;

1425 (5) each copy of the authoritative copy and any copy of a copy is readily
1426 identifiable as a copy that is not the authoritative copy; and

1427 (6) any amendment of the authoritative copy is readily identifiable as authorized
1428 or unauthorized.

1429 SECTION 91. Section 9-307 of said chapter 106, as so appearing, is hereby amended by
1430 inserting after the word “ location”, in line 34, the following words;- including by designating its
1431 main office, home office or other comparable office.

1432 SECTION 92. Section 9-311 of said chapter 106, as so appearing, is hereby amended by
1433 striking out, in line 9, the words “certificate-of-title”.

1434 SECTION 93. Said section 9-311 of said chapter 106, as so appearing, is hereby further
1435 amended by striking out, in line 10, the words “the certificate” and inserting in place thereof the
1436 following words:- a certificate of title.

1437 SECTION 95. Said section 9-316 of said chapter 106, as so appearing, is hereby further
1438 amended by adding the following 2 subsections:-

1439 (h) Effect on filed financing statement of change in governing law. The following rules
1440 shall apply to collateral to which a security interest attaches within 4 months after the debtor
1441 changes its location to another jurisdiction:

1442 (1) a financing statement filed before the change pursuant to the law of the
1443 jurisdiction designated in Section 9-301(1) or 9-305(c) is effective to perfect a security interest in
1444 the collateral if the financing statement would have been effective to perfect a security interest in
1445 the collateral had the debtor not changed its location.

1446 (2) if a security interest perfected by a financing statement that is effective under
1447 paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the
1448 time the financing statement would have become ineffective under the law of the jurisdiction
1449 designated in section 9-301(1) or 9-305(c) or the expiration of the 4-month period, it remains

1450 perfected thereafter. If the security interest does not become perfected under the law of the other
1451 jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have
1452 been perfected as against a purchaser of the collateral for value.

1453 (i) Effect of change in governing law on financing statement filed against original
1454 debtor. If a financing statement naming an original debtor is filed pursuant to the law of the
1455 jurisdiction designated in section 9-301(1) or 9-305(c) and the new debtor is located in another
1456 jurisdiction, the following rules shall apply:

1457 (1) the financing statement is effective to perfect a security interest in collateral
1458 acquired by the new debtor before, and within 4 months after, the new debtor becomes bound
1459 under section 9-203(d), if the financing statement would have been effective to perfect a security
1460 interest in the collateral had the collateral been acquired by the original debtor.

1461 (2) a security interest perfected by the financing statement and which becomes
1462 perfected under the law of the other jurisdiction before the earlier of the time the financing
1463 statement would have become ineffective under the law of the jurisdiction designated in section
1464 9-301(1) or 9-305(c) or the expiration of the 4-month period remains perfected thereafter. A
1465 security interest that is perfected by the financing statement but which does not become perfected
1466 under the law of the other jurisdiction before the earlier time or event becomes unperfected and
1467 is deemed never to have been perfected as against a purchaser of the collateral for value.

1468 SECTION 96. Said section 9-317 of said chapter 106, as so appearing, is hereby further
1469 amended by striking out, in line 12, the words “security certificate” and inserting in place thereof
1470 the following words:- certificated security.

1471 SECTION 97. Said section 9-317 of said chapter 106, as so appearing, is hereby further
1472 amended by striking out, in lines 22 and 23, the words “accounts, electronic chattel paper,
1473 general intangibles, or investment property other than” and inserting in place thereof the
1474 following words:- collateral other than tangible chattel paper, tangible documents, goods,
1475 instruments or.

1476 SECTION 98. Section 9-326 of said chapter 106, as so appearing, is hereby amended by
1477 striking out subsection (a) and inserting in place thereof the following subsection:-

1478 (a) Subordination of security interest created by new debtor. Subject to subsection (b), a
1479 security interest that is created by a new debtor in collateral in which the new debtor has or
1480 acquires rights and is perfected solely by a filed financing statement that would be ineffective to
1481 perfect the security interest but for the application of section 9-316(i)(1) or 9-508 is subordinate
1482 to a security interest in the same collateral which is perfected other than by such a filed financing
1483 statement.

1484 SECTION 99. Said section 9-326 of said chapter 106, as so appearing, is hereby further
1485 amended by striking out, in line 11, the words “that are effective solely under Section 9-508” and
1486 inserting in place thereof the following words:- described in subsection (a).

1487 SECTION 100. Section 9-405 of said chapter 106, as so appearing, is hereby amended
1488 by inserting after the word “note”, in line 46, the following words:- , other than a sale pursuant to
1489 a disposition under section 9-610 or an acceptance of collateral under section 9-620.

1490 SECTION 101. Section 9-407 of said chapter 106, as so appearing, is hereby amended
1491 by inserting after the word “ note”, in line 21, the following words:- , other than a sale pursuant
1492 to a disposition under section 9-610 or an acceptance of collateral under section 9-620”.

1493 SECTION 102. Subsection (c) of section 9-502 of said chapter 106, as so appearing, is
1494 hereby amended by striking out clause (3) and inserting in place thereof the following clause:-

1495 (3) the record satisfies the requirements for a financing statement in this section, but:

1496 (A) the record need not indicate that it is to be filed in the real property records;

1497 and

1498 (B) the record sufficiently provides the name of a debtor who is an individual if it
1499 provides the individual name of the debtor or the surname and first personal name of the debtor,
1500 even if the debtor is an individual to whom section 9-503(a)(4) applies; and.

1501 SECTION 103. Section 9-503 of said chapter 106, as so appearing, is hereby amended
1502 by striking out subsection (a) and inserting in place thereof the following subsection:-

1503 (a) Sufficiency of debtor’s name. A financing statement sufficiently provides the name
1504 of the debtor:

1505 (1) except as otherwise provided in clause (3), if the debtor is a registered
1506 organization or the collateral is held in a trust that is a registered organization, only if the
1507 financing statement provides the name that is stated to be the registered organization’s name on
1508 the public organic record most recently filed with or issued or enacted by the registered
1509 organization’s jurisdiction of organization which purports to state, amend or restate the
1510 registered organization’s name;

1511 (2) subject to subsection (f), if the collateral is being administered by the personal
1512 representative of a decedent, only if the financing statement provides, as the name of the debtor,
1513 the name of the decedent and, in a separate part of the financing statement, indicates that the
1514 collateral is being administered by a personal representative;

1515 (3) if the collateral is held in a trust that is not a registered organization, only if
1516 the financing statement:

- 1517 (A) provides, as the name of the debtor:
- 1518 (i) if the organic record of the trust specifies a name for the trust,
1519 the name specified; or
- 1520 (ii) if the organic record of the trust does not specify a name for the
1521 trust, the name of the settlor or testator; and
- 1522 (B) in a separate part of the financing statement:
- 1523 (i) if the name is provided in accordance with subclause (A)(i),
1524 indicates that the collateral is held in a trust; or
- 1525 (ii) if the name is provided in accordance with subclause (A)(ii),
1526 provides additional information sufficient to distinguish the trust from other trusts having 1 or
1527 more of the same settlors or the same testator and indicates that the collateral is held in a trust,
1528 unless the additional information so indicates;
- 1529 (4) subject to subsection (g), if the debtor is an individual to whom the
1530 commonwealth has issued a driver's license or Massachusetts identification card that has not
1531 expired, only if the financing statement provides the name of the individual which is indicated on
1532 the driver's license or Massachusetts identification card;
- 1533 (5) if the debtor is an individual to whom clause (4) does not apply, only if the
1534 financing statement provides the individual name of the debtor or the surname and first personal
1535 name of the debtor; and
- 1536 (6) in other cases:
- 1537 (A) if the debtor has a name, only if the financing statement provides the
1538 organizational name of the debtor; and
- 1539 (B) if the debtor does not have a name, only if it provides the names of the
1540 partners, members, associates or other persons comprising the debtor in a manner that each name
1541 provided would be sufficient if the person named were the debtor.

1542 SECTION 104. Said section 9-503 of said chapter 106, as so appearing, is hereby further
1543 amended by striking out, in line 28, the word "subsection (a)(4)(B)" and inserting in place
1544 thereof the following word:- subsection (a)(6)(B).

1545 SECTION 105. Said section 9-503 of said chapter 106, as so appearing, is hereby further
1546 amended by adding the following 3 subsections:-

1547 (f) Name of decedent. The name of the decedent indicated on the order appointing the
1548 personal representative of the decedent issued by the court having jurisdiction over the collateral
1549 is sufficient as the “name of the decedent” under subsection (a)(2).

1550 (g) Multiple driver’s licenses. If the commonwealth has issued to an individual more
1551 than 1 driver’s license or Massachusetts identification card of a kind described in subsection
1552 (a)(4), the 1 that was issued most recently is the 1 to which said subsection (a)(4) refers.

1553 (h) Definition. In this section, the “name of the settlor or testator” shall mean:

1554 (1) if the settlor is a registered organization, the name that is stated to be the
1555 settlor’s name on the public organic record most recently filed with or issued or enacted by the
1556 settlor’s jurisdiction of organization which purports to state, amend or restate the settlor’s name;
1557 or

1558 (2) in other cases, the name of the settlor or testator indicated in the trust’s organic
1559 record.

1560 SECTION 106. Section 9-507 of said chapter 106, as so appearing, is hereby amended
1561 by striking out subsection (c) and inserting in place thereof the following subsection:-

1562 (c) Change in debtor’s name. If the name that a filed financing statement provides for a
1563 debtor becomes insufficient as the name of the debtor under section 9-503(a) so that the
1564 financing statement becomes seriously misleading under section 9-506:

1565 (1) the financing statement is effective to perfect a security interest in collateral
1566 acquired by the debtor before, or within 4 months after, the filed financing statement becomes
1567 seriously misleading; and

1568 (2) the financing statement is not effective to perfect a security interest in
1569 collateral acquired by the debtor more than 4 months after the filed financing statement becomes
1570 seriously misleading, unless an amendment to the financing statement which renders the
1571 financing statement not seriously misleading is filed within 4 months after the financing
1572 statement became seriously misleading.

1573 SECTION 107. Section 9-515 of said chapter 106, as so appearing, is hereby amended
1574 by inserting after the word “filed”, in line 34, the following word:- initial.

1575 SECTION 108. Section 9-516 of said chapter 106, as so appearing, is hereby amended
1576 by striking out, in line 14, the word “correction” and inserting in place thereof the following
1577 word:- information.

1578 SECTION 109. Said section 9-516 of said chapter 106, as so appearing, is hereby
1579 amended by striking out, in line 23, the words “last name” and inserting in place thereof the
1580 following word:- surname.

1581 SECTION 110. Subsection (b) of said section 9-516 of said chapter 106, as so appearing,
1582 is hereby amended by striking out clause (5) and inserting in place thereof the following clause:-

1583 (5) in the case of an initial financing statement or an amendment that provides a name of
1584 a debtor which was not previously provided in the financing statement to which the amendment
1585 relates, the record does not:

1586 (A) provide a mailing address for the debtor; or

1587 (B) indicate whether the name provided as the name of the debtor is the name of
1588 an individual or an organization;

1589 SECTION 111. Said chapter 106 is hereby further amended by striking out section 9-
1590 518, as so appearing, and inserting in place thereof the following section:-

1591 SECTION 9-518. Claim Concerning Inaccurate Or Wrongfully Filed Record.

1592 (a) Statement with respect to record indexed under person's name. A person may file in
1593 the filing office an information statement with respect to a record indexed there under the
1594 person's name if the person believes that the record is inaccurate or was wrongfully filed.

1595 (b) Contents of statement under subsection (a). An information statement under
1596 subsection (a) shall:

1597 (1) identify the record to which it relates by:

1598 (A) the file number assigned to the initial financing statement to which the
1599 record relates; and

1600 (B) if the information statement relates to a record filed or recorded in a
1601 filing office described in section 9-501(a)(1):

1602 (i) the book and page number of the initial financing statement, in
1603 the case of unregistered land governed by chapter 36 or if a book and page number has not yet
1604 been assigned to the initial financing statement, the instrument number of the initial financing
1605 statement and the date on which the initial financing statement was originally filed and the
1606 document number of the initial financing statement, in the case of registered land governed by
1607 chapter 185; and

1608 (ii) the information specified in section 9-502(b);

1609 (2) indicate that it is an information statement; and

1610 (3) provide the basis for the person's belief that the record is inaccurate and
1611 indicate the manner in which the person believes the record should be amended to cure any
1612 inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

1613 (c) Statement by secured party of record. A person may file in the filing office an
1614 information statement with respect to a record filed there if the person is a secured party of
1615 record with respect to the financing statement to which the record relates and believes that the
1616 person that filed the record was not entitled to do so under section 9-509(d).

1617 (d) Contents of statement under subsection (c). An information statement under
1618 subsection (c) shall:

1619 (1) identify the record to which it relates by:

1620 (A) the file number assigned to the initial financing statement to which the
1621 record relates; and

1622 (B) if the information statement relates to a record filed or recorded in a
1623 filing office described in section 9-501(a)(1):

1624 (i) the book and page number of the initial financing statement, in
1625 the case of unregistered land governed by chapter 36 or, if a book and page number has not yet
1626 been assigned to the initial financing statement, the instrument number of the initial financing
1627 statement and the date on which the initial financing statement was originally filed and the
1628 document number of the initial financing statement, in the case of registered land governed by
1629 chapter 185; and

1630 (ii) the information specified in section 9-502(b);

1631 (2) indicate that it is an information statement; and

1632 (3) provide the basis for the person's belief that the person that filed the record
1633 was not entitled to do so under section 9-509(d).

1634 (e) Record not affected by information statement. The filing of an information statement
1635 does not affect the effectiveness of an initial financing statement or other filed record.

1636 SECTION 112. Said chapter 106 is hereby further amended by striking out section 9-
1637 521, as so appearing, and inserting in place thereof the following section:-

1638 SECTION 9-521. Uniform Form of Written Financing Statement and Amendment.

1639 (a) Initial financing statement form. A filing office that accepts written records may not
1640 refuse to accept a written initial financing statement in the following form and format except for
1641 a reason set forth in section 9-516(b):

1642

1643

1644 (b) Amendment form. A filing office that accepts written records shall not refuse to
1645 accept a written record in the following form and format except for a reason set forth in section
1646 9-516(b):

1647

1648

1649 SECTION 113. Section 9-607 of said chapter 106, as so appearing, is hereby amended
1650 by inserting after the word “ occurred”, in line 27, the following words:- with respect to the
1651 obligation secured by the mortgage.

1652 SECTION 114. Subsection 2A-103(3) of said chapter 106 is hereby amended by striking
1653 out, in line 154, the figure “9-102(a)(68)” and inserting in place thereof the following figure:- 9-
1654 102(a)(69).

1655 SECTION 115. Article 9 of said chapter 106 is hereby further amended by adding the
1656 following part:-

1657 PART 8. TRANSITION PROVISIONS

1658 SECTION 9-801. Effective Date. References in this Part to the amendatory act shall
1659 mean those changes made to this Article that take effect on July 1, 2013 .

1660 SECTION 9-802. Savings Clause.

1661 (a) Pre-effective-date transactions or liens. Except as otherwise provided in this Part, the
1662 amendatory act shall apply to a transaction or lien within its scope even if the transaction or lien
1663 was entered into or created before the effective date of the amendatory act.

1664 (b) Pre-effective-date proceedings. This amendatory act shall not affect an action, case
1665 or proceeding commenced before the effective date of the amendatory act.

1666 SECTION 9-803. Security Interest Perfected Before Effective Date.

1667 (a) Continuing perfection: perfection requirements satisfied. A security interest that is a
1668 perfected security interest immediately before the effective date of the amendatory act is a
1669 perfected security interest under this Article if, on the effective date of the amendatory act, the
1670 applicable requirements for attachment and perfection under this Article as amended by the
1671 amendatory act are satisfied without further action.

1672 (b) Continuing perfection: perfection requirements not satisfied. Except as otherwise
1673 provided in Section 9-805, if immediately before the effective date of the amendatory act, a
1674 security interest is a perfected security interest, but the applicable requirements for perfection
1675 under this Article as amended by the act are not satisfied on such effective date, the security

1676 interest remains perfected thereafter only if the applicable requirements for perfection under this
1677 Article as amended by the amendatory act are satisfied within 1 year after the effective date of
1678 the amendatory act.

1679 SECTION 9-804. Security Interest Unperfected Before Effective Date. A security
1680 interest that is an unperfected security interest immediately before the effective date of the
1681 amendatory act becomes a perfected security interest:

1682 (1) without further action, on the effective date of the amendatory act if the applicable
1683 requirements for perfection under this Article as amended by the amendatory act are satisfied
1684 before or at that time; or

1685 (2) when the applicable requirements for perfection are satisfied if the requirements are
1686 satisfied after that time.

1687 SECTION 9-805. Effectiveness Of Action Taken Before Effective Date.

1688 (a) Pre-effective-date filing effective. The filing of a financing statement before the
1689 effective date of the amendatory act is effective to perfect a security interest to the extent the
1690 filing would satisfy the applicable requirements for perfection under this Article as amended by
1691 the amendatory act.

1692 (b) When pre-effective-date filing becomes ineffective. The amendatory act shall not
1693 render ineffective an effective financing statement that, before the effective date of the
1694 amendatory act, is filed and satisfies the applicable requirements for perfection under the law of
1695 the jurisdiction governing perfection as provided in this Article as it existed before the effective
1696 date of the amendatory act. However, except as otherwise provided in subsections (c) and (d)
1697 and Section 9-806, the financing statement ceases to be effective:

1698 (1) if the financing statement is filed in the commonwealth, at the time the
1699 financing statement would have ceased to be effective had the amendatory act not taken effect;
1700 or

1701 (2) if the financing statement is filed in another jurisdiction, at the earlier of:

1702 (A) the time the financing statement would have ceased to be effective
1703 under the law of that jurisdiction; or

1704 (B) June 30, 2018.

1705 (c) Continuation statement. The filing of a continuation statement after the effective date
1706 of the amendatory act shall not continue the effectiveness of a financing statement filed before
1707 the effective date of the amendatory act. However, upon the timely filing of a continuation
1708 statement after the effective date of the amendatory act and in accordance with the law of the
1709 jurisdiction governing perfection as provided in this Article as amended by the amendatory act,

1710 the effectiveness of a financing statement filed in the same office in that jurisdiction before the
1711 effective date of the amendatory act continues for the period provided by the law of that
1712 jurisdiction.

1713 (d) Application of subsection (b)(2)(B) to transmitting utility financing statement.
1714 Subsection (b)(2)(B) shall apply to a financing statement that, before the effective date of the act,
1715 is filed against a transmitting utility and satisfies the applicable requirements for perfection under
1716 the law of the jurisdiction governing perfection as provided in this Article as it existed before the
1717 effective date of the amendatory act, only to the extent that this Article as amended by the
1718 amendatory act provides that the law of a jurisdiction other than the jurisdiction in which the
1719 financing statement is filed governs perfection of a security interest in collateral covered by the
1720 financing statement.

1721 (e) Application of part 5. A financing statement that includes a financing statement filed
1722 before this amendatory act and a continuation statement filed after the effective date of the
1723 amendatory act is effective only to the extent that it satisfies the requirements of Part 5 as
1724 amended by the amendatory act for an initial financing statement. A financing statement that
1725 indicates that the debtor is a decedent's estate indicates that the collateral is being administered
1726 by a personal representative within the meaning of section 9-503(a)(2) as amended by the
1727 amendatory act. A financing statement that indicates that the debtor is a trust or is a trustee
1728 acting with respect to property held in trust indicates that the collateral is held in a trust within
1729 the meaning of section 9-503(a)(3) as amended by the act.

1730 SECTION 9-806. When Initial Financing Statement Suffices To Continue Effectiveness
1731 Of Financing Statement.

1732 (a) Initial financing statement in lieu of continuation statement. The filing of an initial
1733 financing statement in the office specified in section 9-501 continues the effectiveness of a
1734 financing statement filed before the effective date of the amendatory act if:

1735 (1) the filing of an initial financing statement in that office would be effective to
1736 perfect a security interest under this Article as amended by the amendatory act;

1737 (2) the pre-effective-date financing statement was filed in an office in another
1738 state; and

1739 (3) the initial financing statement satisfies subsection (c).

1740 (b) Period of continued effectiveness. The filing of an initial financing statement under
1741 subsection (a) continues the effectiveness of the pre-effective-date financing statement if:

1742 (1) the initial financing statement is filed before the effective date of the
1743 amendatory act, for the period provided in section 9-515 before the effective date of the
1744 amendatory act took effect with respect to an initial financing statement; and

1745 (2) the initial financing statement is filed after the effective date of the
1746 amendatory act for the period provided in section 9-515 as amended by the amendatory act with
1747 respect to an initial financing statement.

1748 (c) Requirements for initial financing statement under subsection (a). To be effective for
1749 purposes of subsection (a), an initial financing statement shall:

1750 (1) satisfy the requirements of Part 5 as amended by the amendatory act for an
1751 initial financing statement;

1752 (2) identify the pre-effective-date financing statement by indicating the office in
1753 which the financing statement was filed and providing the dates of filing and file numbers, if
1754 any, of the financing statement and of the most recent continuation statement filed with respect
1755 to the financing statement; and

1756 (3) indicate that the pre-effective-date financing statement remains effective.

1757 SECTION 9-807. Amendment Of Pre-Effective Date Financing Statement.

1758 (a) “Pre-effective-date financing statement”. In this section, “pre-effective-date
1759 financing statement” means a financing statement filed before the effective date of the
1760 amendatory act.

1761 (b) Applicable law. After the effective date of the amendatory act, a person may add or
1762 delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the
1763 information provided in, a pre-effective-date financing statement only in accordance with the law
1764 of the jurisdiction governing perfection as provided in this Article as amended by the amendatory
1765 act. However, the effectiveness of a pre-effective-date financing statement may also be
1766 terminated in accordance with the law of the jurisdiction in which the financing statement is
1767 filed.

1768 (c) Method of amending: general rule. Except as otherwise provided in subsection (d), if
1769 the law of the commonwealth governs perfection of a security interest, the information in a pre-
1770 effective-date financing statement may be amended after the effective date of the amendatory act
1771 only if:

1772 (1) the pre-effective-date financing statement and an amendment are filed in the
1773 office specified in section 9-501;

1774 (2) an amendment is filed in the office specified in section 9-501 concurrently
1775 with, or after the filing in that office of, an initial financing statement that satisfies section 9-
1776 806(c); or

1777 (3) an initial financing statement that provides the information as amended and
1778 satisfies section 9-806(c) is filed in the office specified in section 9-501.

1779 (d) Method of amending: continuation. If the law of the commonwealth governs
1780 perfection of a security interest, the effectiveness of a pre-effective-date financing statement may
1781 be continued only under section 9-805(c), 9-805(e) or 9-806.

1782 (e) Method of amending: additional termination rule. Whether or not the law of the
1783 commonwealth governs perfection of a security interest, the effectiveness of a pre-effective-date
1784 financing statement filed in the commonwealth may be terminated after the effective date of the
1785 amendatory act by filing a termination statement in the office in which the pre-effective-date
1786 financing statement is filed, unless an initial financing statement that satisfies section 9-806(c)
1787 has been filed in the office specified by the law of the jurisdiction governing perfection as
1788 provided in this Article 9 as amended by the amendatory act as the office in which to file a
1789 financing statement.

1790 SECTION 9-808. Person Entitled To File Initial Financing Statement Or Continuation
1791 Statement. A person may file an initial financing statement or a continuation statement under
1792 this part if:

1793 (1) the secured party of record authorizes the filing; and

1794 (2) the filing is necessary under this part:

1795 (A) to continue the effectiveness of a financing statement filed before the
1796 effective date of the act; or

1797 (B) to perfect or continue the perfection of a security interest.

1798 SECTION 9-809. Priority. The amendatory act shall determine the priority of
1799 conflicting claims to collateral. However, if the relative priorities of the claims were established
1800 before the effective date of the amendatory act, this article in effect before the effective date of
1801 the amendatory act shall determine priority.

1802 SECTION 116. (a) Sections 1 to 82, inclusive, shall apply to a document of title that is
1803 issued or a bailment that arises on or after the effective date of said sections 1 to 82, inclusive.
1804 Said sections 1 to 82, inclusive, shall not apply to a document of title that is issued or a bailment
1805 that arises before the effective date of said sections 1 to 82, inclusive, even if the document of
1806 title or bailment would be subject to this act if the document of title had been issued or bailment
1807 had arisen on or after the effective date of said sections 1 to 82, inclusive.

1808 (b) Sections 1 to 82, inclusive, shall not apply to a right of action that has accrued
1809 before the effective date of said sections 1 to 82, inclusive.

1810 (c) A document of title issued or a bailment that arises before the effective date of
1811 sections 1 to 82, inclusive, and the rights, obligations and interests flowing from that document
1812 or bailment are governed by any law or other rule amended or repealed by said sections 1 to 82,

1813 inclusive, as if such amendment or repeal had not occurred and may be terminated, completed,
1814 consummated or enforced under that law or other rule.

1815 (d) Section 61 shall apply to a sale of an account described in clause (14) of section
1816 9-309 of Article 9 of chapter 106 of the General Laws even if the sale was entered into before the
1817 effective date of sections 1 to 82, inclusive; provided, that if the relative priorities of conflicting
1818 claims to the account were established before the effective date of said sections 1 to 82,
1819 inclusive, the relevant provisions of said Article 9 of said chapter 106 as in effect immediately
1820 prior to the effective date of said sections 1 to 82, inclusive, shall determine priority.

1821 SECTION 117. Sections 84 to 115, inclusive, shall take effect on July 1, 2013.