

# SENATE . . . . . No. 1811

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## The Commonwealth of Massachusetts

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**In the Year Two Thousand Thirteen**  
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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 OBLIGATIONS

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

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

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

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

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

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

988 stolen or destroyed documents or substitute documents issued pursuant to section 7-105. The  
989 issuer is liable for damages caused by its overissue or failure to identify a duplicate document by  
990 a conspicuous notation.

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

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

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

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

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

1001 (4) the exercise by a seller of its right to stop delivery pursuant to section 2-705 or  
1002 by a lessor of its right to stop delivery pursuant to section 2A-526;

1003 (5) a diversion, reconsignment or other disposition pursuant to section 7-303;

1004 (6) release, satisfaction or any other personal defense against the claimant; or

1005 (7) any other lawful excuse.

1006 (b) A person claiming goods covered by a document of title shall satisfy the bailee's lien  
1007 if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the  
1008 charges are paid.

1009 (c) Unless a person claiming the goods is a person against which the document of title  
1010 does not confer a right under subsection (a) of section 7-503:

1011 (1) the person claiming under a document shall surrender possession or control of  
1012 any outstanding negotiable document covering the goods for cancellation or indication of partial  
1013 deliveries; and

1014 (2) the bailee shall cancel the document or conspicuously indicate in the  
1015 document the partial delivery or the bailee is liable to any person to which the document is duly  
1016 negotiated.

1017 SECTION 7-404. No Liability For Good-Faith Delivery Pursuant To Document Of Title.

1018 A bailee that in good faith has received goods and delivered or otherwise disposed of the goods  
1019 according to the terms of a document of title or pursuant to this article is not liable for the goods  
1020 even if:

1021 (1) the person from which the bailee received the goods did not have authority to procure  
1022 the document or to dispose of the goods; or

1023 (2) the person to which the bailee delivered the goods did not have authority to receive  
1024 the goods.

1025 PART 5 WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND

1026 TRANSFER

1027 SECTION 7-501. Form Of Negotiation And Requirements Of Due Negotiation.

1028 (a) The following rules apply to a negotiable tangible document of title:

1029 (1) If the document's original terms run to the order of a named person, the  
1030 document is negotiated by the named person's indorsement and delivery. After the named  
1031 person's indorsement in blank or to bearer, any person may negotiate the document by delivery  
1032 alone.

1033 (2) If the document's original terms run to bearer, it is negotiated by delivery  
1034 alone.

1035 (3) If the document's original terms run to the order of a named person and it is  
1036 delivered to the named person, the effect is the same as if the document had been negotiated.

1037 (4) Negotiation of the document after it has been indorsed to a named person  
1038 requires indorsement by the named person and delivery.

1039 (5) A document is duly negotiated if it is negotiated in the manner stated in this  
1040 subsection to a holder that purchases it in good faith, without notice of any defense against or  
1041 claim to it on the part of any person, and for value, unless it is established that the negotiation is  
1042 not in the regular course of business or financing or involves receiving the document in  
1043 settlement or payment of a monetary obligation.

1044 (b) The following rules apply to a negotiable electronic document of title:

1045 (1) If the document's original terms run to the order of a named person or to  
1046 bearer, the document is negotiated by delivery of the document to another person. Indorsement  
1047 by the named person is not required to negotiate the document.

1048                   (2) If the document's original terms run to the order of a named person and the  
1049 named person has control of the document, the effect is the same as if the document had been  
1050 negotiated.

1051                   (3) A document is duly negotiated if it is negotiated in the manner stated in this  
1052 subsection to a holder that purchases it in good faith, without notice of any defense against or  
1053 claim to it on the part of any person, and for value, unless it is established that the negotiation is  
1054 not in the regular course of business or financing or involves taking delivery of the document in  
1055 settlement or payment of a monetary obligation.

1056                   (c) Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds  
1057 to the transferee's rights.

1058                   (d) The naming in a negotiable bill of lading of a person to be notified of the arrival of  
1059 the goods does not limit the negotiability of the bill or constitute notice to a purchaser of the bill  
1060 of any interest of that person in the goods.

1061                   SECTION 7-502. Rights Acquired By Due Negotiation.

1062                   (a) Subject to sections 7-205 and 7-503, a holder to which a negotiable document of title  
1063 has been duly negotiated acquires thereby:

1064                   (1) title to the document;

1065                   (2) title to the goods;

1066                   (3) all rights accruing under the law of agency or estoppel, including rights to  
1067 goods delivered to the bailee after the document was issued; and

1068 (4) the direct obligation of the issuer to hold or deliver the goods according to the  
1069 terms of the document free of any defense or claim by the issuer except those arising under the  
1070 terms of the document or under this article, but in the case of a delivery order, the bailee's  
1071 obligation accrues only upon the bailee's acceptance of the delivery order and the obligation  
1072 acquired by the holder is that the issuer and any indorser will procure the acceptance of the  
1073 bailee.

1074 (b) Subject to section 7-503, title and rights acquired by due negotiation are not defeated  
1075 by any stoppage of the goods represented by the document of title or by surrender of the goods  
1076 by the bailee and are not impaired even if:

1077 (1) the due negotiation or any prior due negotiation constituted a breach of duty;

1078 (2) any person has been deprived of possession of a negotiable tangible document  
1079 or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake,  
1080 duress, loss, theft or conversion; or

1081 (3) a previous sale or other transfer of the goods or document has been made to a  
1082 third person.

1083 SECTION 7-503. Document Of Title To Goods Defeated In Certain Cases.

1084 (a) A document of title confers no right in goods against a person that before issuance of  
1085 the document had a legal interest or a perfected security interest in the goods and that did not:

1086 (1) deliver or entrust the goods or any document of title covering the goods to the  
1087 bailor or the bailor's nominee with:

1088 (A) actual or apparent authority to ship, store or sell;

1089 (B) power to obtain delivery under section 7-403; or

1090 (C) power of disposition under section 2-403, 2A-304(2), 2A-305(2), 9-

1091 320, or 9-321(c) or other statute or rule of law; or

1092 (2) acquiesce in the procurement by the bailor or its nominee of any document.

1093 (b) Title to goods based upon an unaccepted delivery order is subject to the rights of any

1094 person to which a negotiable warehouse receipt or bill of lading covering the goods has been

1095 duly negotiated. That title may be defeated under section 7-504 to the same extent as the rights

1096 of the issuer or a transferee from the issuer.

1097 (c) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the

1098 rights of any person to which a bill issued by the freight forwarder is duly negotiated. However,

1099 delivery by the carrier in accordance with part 4 of this article pursuant to its own bill of lading

1100 discharges the carrier's obligation to deliver.

1101 SECTION 7-504. Rights Acquired In Absence Of Due Negotiation; Effect Of Diversion;

1102 Stoppage Of Delivery.

1103 (a) A transferee of a document of title, whether negotiable or nonnegotiable, to which the

1104 document has been delivered but not duly negotiated, acquires the title and rights that its

1105 transferor had or had actual authority to convey.

1106 (b) In the case of a transfer of a nonnegotiable document of title, until but not after the

1107 bailee receives notice of the transfer, the rights of the transferee may be defeated:

1108 (1) by those creditors of the transferor which could treat the transfer as void under

1109 section 2-402 or 2A-308 ;

1110                   (2) by a buyer from the transferor in ordinary course of business if the bailee has  
1111 delivered the goods to the buyer or received notification of the buyer's rights;

1112                   (3) by a lessee from the transferor in ordinary course of business if the bailee has  
1113 delivered the goods to the lessee or received notification of the lessee's rights; or

1114                   (4) as against the bailee, by good-faith dealings of the bailee with the transferor.

1115           (c) A diversion or other change of shipping instructions by the consignor in a  
1116 nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee  
1117 defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary  
1118 course of business or a lessee in ordinary course of business and, in any event, defeats the  
1119 consignee's rights against the bailee.

1120           (d) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped  
1121 by a seller under section 2-705 or a lessor under section 2A-526, subject to the requirements of  
1122 due notification in those sections. A bailee that honors the seller's or lessor's instructions is  
1123 entitled to be indemnified by the seller or lessor against any resulting loss or expense.

1124           SECTION 7-505. Indorser Not Guarantor For Other Parties. The indorsement of a  
1125 tangible document of title issued by a bailee does not make the indorser liable for any default by  
1126 the bailee or previous indorsers.

1127           SECTION 7-506. Delivery Without Indorsement: Right To Compel Indorsement. The  
1128 transferee of a negotiable tangible document of title has a specifically enforceable right to have  
1129 its transferor supply any necessary indorsement, but the transfer becomes a negotiation only as of  
1130 the time the indorsement is supplied.



1131 SECTION 7-507. Warranties On Negotiations Or Delivery Of Document Of Title. If a  
1132 person negotiates or delivers a document of title for value, otherwise than as a mere intermediary  
1133 under section 7-508, unless otherwise agreed, the transferor, in addition to any warranty made in  
1134 selling or leasing the goods, warrants to its immediate purchaser only that:

1135 (1) the document is genuine;

1136 (2) the transferor does not have knowledge of any fact that would impair the document's  
1137 validity or worth; and

1138 (3) the negotiation or delivery is rightful and fully effective with respect to the title to the  
1139 document and the goods it represents.

1140 SECTION 7-508. Warranties Of Collecting Bank As To Documents Of Title. A  
1141 collecting bank or other intermediary known to be entrusted with documents of title on behalf of  
1142 another or with collection of a draft or other claim against delivery of documents warrants by the  
1143 delivery of the documents only its own good faith and authority even if the collecting bank or  
1144 other intermediary has purchased or made advances against the claim or draft to be collected.

1145 SECTION 7-509. Adequate Compliance With Commercial Contract. Whether a  
1146 document of title is adequate to fulfill the obligations of a contract for sale, a contract for lease or  
1147 the conditions of a letter of credit is determined by article 2, 2A, or 5.

1148 PART 6 WAREHOUSE RECEIPTS AND BILLS OF LADING:

1149 MISCELLANEOUS PROVISIONS

1150 SECTION 7-601. Lost, Stolen, Or Destroyed Documents Of Title.

1151 (a) If a document of title is lost, stolen or destroyed, a court may order delivery of the  
1152 goods or issuance of a substitute document and the bailee may without liability to any person  
1153 comply with the order. If the document was negotiable, a court may not order delivery of the  
1154 goods or issuance of a substitute document without the claimant's posting security unless it finds  
1155 that any person that may suffer loss as a result of nonsurrender of possession or control of the  
1156 document is adequately protected against the loss. If the document was nonnegotiable, the court  
1157 may require security. The court may also order payment of the bailee's reasonable costs and  
1158 attorney's fees in any action under this subsection.

1159 (b) A bailee that, without a court order, delivers goods to a person claiming under a  
1160 missing negotiable document of title is liable to any person injured thereby. If the delivery is  
1161 not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if  
1162 the claimant posts security with the bailee in an amount at least double the value of the goods at  
1163 the time of posting to indemnify any person injured by the delivery which files a notice of claim  
1164 within 1 year after the delivery.

1165 SECTION 7-602. Judicial Process Against Goods Covered By Negotiable Document Of  
1166 Title. Unless a document of title was originally issued upon delivery of the goods by a person  
1167 that did not have power to dispose of them, a lien does not attach by virtue of any judicial  
1168 process to goods in the possession of a bailee for which a negotiable document of title is  
1169 outstanding unless possession or control of the document is first surrendered to the bailee or the  
1170 document's negotiation is enjoined. The bailee may not be compelled to deliver the goods  
1171 pursuant to process until possession or control of the document is surrendered to the bailee or to  
1172 the court. A purchaser of the document for value without notice of the process or injunction  
1173 takes free of the lien imposed by judicial process.

1174 SECTION 7-603. Conflicting Claims; Interpleader. If more than 1 person claims title to  
1175 or possession of the goods, the bailee is excused from delivery until the bailee has a reasonable  
1176 time to ascertain the validity of the adverse claims or to commence an action for interpleader.  
1177 The bailee may assert an interpleader either in defending an action for nondelivery of the goods  
1178 or by original action.

1179 SECTION 46. Subsection (a) of section 8-102 of said chapter 106, as so appearing, is  
1180 hereby amended by striking out clause (10) and inserting in place thereof the following clause:--  
1181 (10) “[Reserved]”.

1182 SECTION 47. Section 8-103 of said chapter 106, as so appearing, is hereby amended by  
1183 adding the following subsection:-

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

1186 SECTION 48. Section 9-102 of said chapter 106, as so appearing, is hereby amended by  
1187 striking out, in line 33, the words “, other than a security interest,”.

1188 SECTION 49. Said section 9-102 of said chapter 106, as so appearing, is hereby further  
1189 amended by striking out, in line 174, the figure “7-201(2)” and inserting in place thereof the  
1190 following figure:- 7-201(b).

1191 SECTION 50. Said section 9-102 of said chapter 106, as so appearing, is hereby further  
1192 amended by striking out paragraph (43) and inserting in place thereof the following paragraph:-  
1193 (43) [Reserved].

1194 SECTION 51. Said section 9-102 of said chapter 106, as so appearing, is hereby further  
1195 amended by inserting after the word “provided”, in line 244, the following words:- or to be  
1196 provided.

1197 SECTION 52. Said section 9-102 of said chapter 106, as so appearing, is hereby further  
1198 amended by inserting after line 443, the following line:- “Control” (with respect to a document  
1199 of title). Section 7-106.

1200 SECTION 53. Section 9-109 of said chapter 106, as so appearing, is hereby amended by  
1201 striking out, in line 56, the figure “9-403” and inserting in place thereof the following figure:- 9-  
1202 404.

1203 SECTION 54. Section 9-203 of said chapter 106, as so appearing, is hereby amended by  
1204 striking out, in line 22, the words “or letter-of credit rights” and inserting in place thereof the  
1205 following words:- letter-of credit rights or electronic documents,.

1206 SECTION 55. Said section 9-203 of said chapter 106, as so appearing, is hereby further  
1207 amended by striking out, in line 23, the word “or 9-107” and inserting in place thereof the  
1208 following words:- 9-107 or 7-106.

1209 SECTION 56. Section 9-207 of said chapter 106, as so appearing, is hereby amended by  
1210 striking out, in line 27, the word “or 9-107” and inserting in place thereof the following words:-  
1211 9-107 or 7-106.

1212 SECTION 57. Section 9-208 of said chapter 106, as so appearing, is hereby amended by  
1213 striking out, in line 38, the word “and”.

1214 SECTION 57A. Said section 9-208 of said chapter 106, as so appearing, is hereby further  
1215 amended by striking out, in line 43, the word “party.” and inserting in place thereof the  
1216 following words:- party; and.

1217 (6) a secured party having control of an electronic document shall:

1218 (A) give control of the electronic document to the debtor or its designated  
1219 custodian;

1220 (B) if the debtor designates a custodian that is the designated custodian with  
1221 which the authoritative copy of the electronic document is maintained for the secured party,  
1222 communicate to the custodian an authenticated record releasing the designated custodian from  
1223 any further obligation to comply with instructions originated by the secured party and instructing  
1224 the custodian to comply with instructions originated by the debtor; and

1225 (C) take appropriate action to enable the debtor or its designated custodian to  
1226 make copies of or revisions to the authoritative copy which add or change an identified assignee  
1227 of the authoritative copy without the consent of the secured party.

1228 SECTION 58. Section 9-209 of said chapter 106, as so appearing, is hereby amended by  
1229 striking out, in line 10, the figure “9-405(a)” and inserting in place thereof the following figure:-  
1230 9-406(a).

1231 SECTION 59. Section 9-301 of said chapter 106, as so appearing, is hereby amended by  
1232 inserting after the word “ while”, in line 12, the following word:- tangible.

1233 SECTION 60. Section 9-304 of said chapter 106, as so appearing, is hereby amended by  
1234 striking out, in line 7, the words “the debtor” and inserting in place thereof the following words:-  
1235 its customer

1236 SECTION 61. Section 9-309 of said chapter 106, as so appearing, is hereby amended by  
1237 striking out, in line 26, the word “and”.

1238 SECTION 61A. Said section 9-309 of said chapter 106, as so appearing, is hereby further  
1239 amended by striking out, in line 28, the word “estate.” and inserting in place thereof the  
1240 following words:- estate; and.

1241 (14) a sale by an individual of an account that is a right to payment of winnings in a  
1242 lottery or other game of chance.

1243 SECTION 62. Section 9-310 of said chapter 106, as so appearing, is hereby amended by  
1244 inserting after the word “ filing”, in line 13, the following word:- , control.

1245 SECTION 63. Section 9-310 of said chapter 106, as so appearing, is hereby further  
1246 amended by inserting after the word “ paper”, in line 17, the following words:- , electronic  
1247 documents.

1248 SECTION 64. Section 9-312 of said chapter 106, as so appearing, is hereby amended by  
1249 inserting after the word “ possession”, in line 30, the following words:- or control.

1250 SECTION 65. Section 9-313 of said chapter 106, as so appearing, is hereby amended by  
1251 inserting after the word “ in”, in line 3, the following word:- tangible.

1252 SECTION 66. Section 9-314 of said chapter 106, as so appearing, is hereby amended by  
1253 striking out, in lines 2 and 3, the words “or electronic chattel paper” and inserting in place  
1254 thereof the following words:- electronic chattel paper or electronic documents.

1255 SECTION 67. Said section 9-314 of said chapter 106, as so appearing, is hereby further  
1256 amended by striking out, in line 4, the word “or 9-107,” and inserting in place thereof the  
1257 following words:- 9-107 or 7-106.

1258 SECTION 68. Said section 9-314 of said chapter 106, as so appearing, is hereby further  
1259 amended by striking out, in line 7, the words “or letter-of-credit rights” and inserting in place  
1260 thereof the following words:- letter-of-credit rights or electronic documents.

1261 SECTION 69. Said section 9-314 of said chapter 106, as so appearing, is hereby further  
1262 amended by striking out, in line 8, the word “or 9-107” and inserting in place thereof the  
1263 following words:- 9-107 or 7-106.

1264 SECTION 70. Section 9-317 of said chapter 106, as so appearing, is hereby amended by  
1265 inserting after the word “ paper,” in line 11, the following word:- tangible.

1266 SECTION 71. Said section 9-317 of said chapter 106, as so appearing, is hereby further  
1267 amended by inserting after the word “ paper”, in line 23, the following words:- , electronic  
1268 documents.

1269 SECTION 72. Section 9-338 of said chapter 106, as so appearing, is hereby amended by  
1270 striking out, in line 11, the words “chattel paper,” and inserting in place thereof the following  
1271 words:- tangible chattel paper, tangible.

1272 SECTION 73. Article 9 of said chapter 106, as so appearing, is hereby further amended  
1273 by inserting after section 9-341 the following section:-

1274 SECTION 9-342. Bank's Right To Refuse To Enter Into Or Disclose Existence Of  
1275 Control Agreement. This article does not require a bank to enter into an agreement of the kind  
1276 described in Section 9-104(a)(2) even if its customer so requests or directs. A bank that has  
1277 entered into such an agreement is not required to confirm the existence of the agreement to  
1278 another person unless requested to do so by its customer.

1279 SECTION 74. Section 9-401 of said chapter 106, as so appearing, is hereby amended by  
1280 striking out, in lines 2 and 3, the word "9-405, 9-406, 9-407, and 9-408" and inserting in place  
1281 thereof the following words:- 9-406, 9-407, 9-408 and 9-409.

1282 SECTION 75. Part 4 of article 9 of said chapter 106 is hereby amended by inserting after  
1283 Section 9-401 the following section:--

1284 SECTION 9-402. Secured Party Not Obligated On Contract Of Debtor Or In Tort. The  
1285 existence of a security interest, agricultural lien or authority given to a debtor to dispose of or use  
1286 collateral, without more, does not subject a secured party to liability in contract or tort for the  
1287 debtor's acts or omissions.

1288 SECTION 75A. Said part 4 of said article 9 of said chapter 106 is hereby further amended by  
1289 striking out the section number "9-402", as appearing in the 2010 Official Edition, and inserting  
1290 in place thereof the following section number:- 9-403.



1291 SECTION 75B. Said part 4 of said article 9 of said chapter 106 is hereby further amended by  
1292 striking out the section number “9-403”, as so appearing, and inserting in place thereof the  
1293 following section number:- 9-404.

1294 SECTION 75C. Said part 4 of said article 9 of said chapter 106 is hereby further amended by  
1295 striking out the section number “9-404”, as so appearing, and inserting in place thereof the  
1296 following section number:- 9-405.

1297 SECTION 76. Said section 9-404 of said chapter 106, as so appearing, is hereby further  
1298 amended by striking out, in line 13, the figure “9-405(a)” and inserting in place thereof the  
1299 following figure:- 9-406(a).

1300 SECTION 76A. Part 4 of article 9 of said chapter 106 is hereby amended by striking out the  
1301 section number “9-405”, as so appearing, and inserting in place thereof the following section  
1302 number:- 9-406.

1303 SECTION 77. Section 9-405 of said chapter 106, as so appearing, is hereby further  
1304 amended by striking out, in line 31, the figure “9-406” and inserting in place thereof the  
1305 following figure:- 9-407.

1306 SECTION 78. Said section 9-405 of said chapter 106, as so appearing, is hereby  
1307 amended by striking out, in line 48, the figure “9-406” and inserting in place thereof the  
1308 following figure:- 9-407.

1309 SECTION 78A. Said part 4 of said article 9 of said chapter 106 is hereby further amended by  
1310 striking out the section number “9-406”, as so appearing, and inserting in place thereof the  
1311 following section number:- 9-407.

1312 SECTION 78B. Said part 4 of said article 9 of said chapter 106 is hereby further amended by  
1313 striking out the section number “9-407”, as so appearing, and inserting in place thereof the  
1314 following section number:- 9-408.

1315 SECTION 78C. Said part 4 of said article 9 of said chapter 106 is hereby further amended by  
1316 striking out the section number “9-408”, as so appearing, and inserting in place thereof the  
1317 following section number:- 9-409.

1318 SECTION 79. Section 9-601 of said chapter 106, as so appearing, is hereby amended by  
1319 striking out, in line 12, the word “or 9-107” and inserting in place thereof the following word:- 9-  
1320 107 or 7-106.

1321 SECTION 80. Section 9-702 of said chapter 106, as so appearing, is hereby amended by  
1322 striking out, in line 6, the figure “9-708” and inserting in place thereof the following figure:- 9-  
1323 709.

1324 SECTION 81. Section 9-706 of said chapter 106, as so appearing, is hereby amended by  
1325 striking out, in line 14, the figure “9-402” and inserting in place thereof the following figure:- 9-  
1326 403.

1327 SECTION 82. Section 47 of chapter 152 of the General Laws, as so appearing, is hereby  
1328 amended by striking out, in line 17, the word “9-405 and 9-407” and inserting in place thereof  
1329 the following word:- 9-406 and 9-408.

1330 SECTION 84. Clause (7) of subsection (a) of section 9-102 of said chapter 106, as  
1331 appearing in the 2010 Official Edition, is hereby amended by striking out subclause (B) and  
1332 inserting in place thereof the following subclause:-

1333 (B) with present intent to adopt or accept a record, to attach to or logically associate with  
1334 the record an electronic sound, symbol or process.

1335 SECTION 85. Clause (10) of said subsection (a) of said section 9-102 of said chapter  
1336 106, as so appearing, is hereby amended by adding the following sentence:- The term includes  
1337 another record maintained as an alternative to a certificate of title by the governmental unit that  
1338 issues certificates of title if a law permits the security interest in question to be indicated on the  
1339 record as a condition or result of the security interest's obtaining priority over the rights of a lien  
1340 creditor with respect to the collateral.

1341 SECTION 86. Said section 9-102 of said chapter 106, as so appearing, is hereby further  
1342 amended by inserting after the word " is", in line 264, the following words:- formed or.

1343 SECTION 87. Subsection (a) of said section 9-102 of said chapter 106, as so appearing,  
1344 is hereby amended by inserting after clause (67) the following clause:-

1345 (68) "Public organic record" means a record that is available to the public for inspection  
1346 and is:

1347 (A) a record consisting of the record initially filed with or issued by a state or the  
1348 United States to form or organize an organization and any record filed with or issued by the state  
1349 or the United States which amends or restates the initial record;

1350 (B) an organic record of a business trust consisting of the record initially filed  
1351 with a state and any record filed with the state which amends or restates the initial record, if a  
1352 statute of the State governing business trusts requires that the record be filed with the state; or

1353 (C) a record consisting of legislation enacted by the legislature of a state or the  
1354 Congress of the United States which forms or organizes an organization, any record amending  
1355 the legislation and any record filed with or issued by the state or the United States which amends  
1356 or restates the name of the organization.

1357 SECTION 87A. Said section 9-102 of said chapter 106 is hereby further amended by striking  
1358 out, in line 366, as so appearing, the figure “(68)” and inserting in place thereof the following  
1359 figure:- (69).

1360 SECTION 87B. Said section 9-102 of said chapter 106 is hereby further amended by  
1361 striking out, in line 371, as so appearing, the figure “(69)” and inserting in place thereof the  
1362 following figure:- (70).

1363 SECTION 87C. Said section 9-102 of said chapter 106 is hereby further amended by striking  
1364 out, in line 375, as so appearing, the figure “(70)” and inserting in place thereof the following  
1365 figure:- (71).

1366 SECTION 88. Said section 9-102 of said chapter 106, as so appearing, is hereby further  
1367 amended by inserting after the word “ organization”, in said line 375, the following words:-  
1368 formed or.

1369 SECTION 89. Said section 9-102 of said chapter 106 is hereby further amended by  
1370 striking out, in lines 376 to 378, inclusive, as so appearing, the words “and as to which the state  
1371 or the United States must maintain a public record showing the organization to have been  
1372 organized” and inserting in place thereof the following words:- by the filing of a public organic  
1373 record with, the issuance of a public organic record by, or the enactment of legislation by the  
1374 state or the United States. The term includes a business trust that is formed or organized under

1375 the law of a single state if a statute of the state governing business trusts requires that the  
1376 business trust's organic record be filed with the state.

1377 SECTION 89A. Said section 9-102 of said chapter 106 is hereby further amended by striking  
1378 out, in line 379, as so appearing, the figure "(71)" and inserting in place thereof the following  
1379 figure:- (72).

1380 SECTION 89B. Said section 9-102 of said chapter 106 is hereby further amended by  
1381 striking out, in line 384, as so appearing, the figure "(72)" and inserting in place thereof the  
1382 following figure:- (73).

1383 SECTION 89C. Said section 9-102 of said chapter 106 is hereby further amended by  
1384 striking out, in line 397, as so appearing, the figure "(73)" and inserting in place thereof the  
1385 following figure:- (74).

1386 SECTION 89D. Said section 9-102 of said chapter 106 is hereby further amended by  
1387 striking out, in line 399, as so appearing, the figure "(74)" and inserting in place thereof the  
1388 following figure:- (75).

1389 SECTION 89E. Said section 9-102 of said chapter 106 is hereby further amended by  
1390 striking out, in line 407, as so appearing, the figure "(75)" and inserting in place thereof the  
1391 following figure:- (76).

1392 SECTION 89F. Said section 9-102 of said chapter 106 is hereby further amended by  
1393 striking out, in line 411, as so appearing, the figure "(76)" and inserting in place thereof the  
1394 following figure:- (77).

1395 SECTION 89G. Said section 9-102 of said chapter 106 is hereby further amended by  
1396 striking out, in line 414, as so appearing, the figure “(77)” and inserting in place thereof the  
1397 following figure:- (78).

1398 SECTION 89H. Said section 9-102 of said chapter 106 is hereby further amended by  
1399 striking out, in line 418, as so appearing, the figure “(78)” and inserting in place thereof the  
1400 following figure:- (79).

1401 SECTION 89I. Said section 9-102 of said chapter 106 is hereby further amended by  
1402 striking out, in line 421, as so appearing, the figure “(79)” and inserting in place thereof the  
1403 following figure:- (80)

1404 SECTION 89J. Said section 9-102 of said chapter 106 is hereby further amended by  
1405 striking out, in line 427, as so appearing, the figure “(80)” and inserting in place thereof the  
1406 following figure:- (81).

1407 SECTION 90. Said chapter 106 is hereby further amended by striking out section 9-105,  
1408 as so appearing, and inserting in place thereof the following section:-

1409 SECTION 9-105. Control Of Electronic Chattel Paper

1410 (a) General rule: control of electronic chattel paper. A secured party has control of  
1411 electronic chattel paper if a system employed for evidencing the transfer of interests in the  
1412 chattel paper reliably establishes the secured party as the person to which the chattel paper was  
1413 assigned.

1414 (b) Specific facts giving control. A system satisfies subsection (a) if the record or  
1415 records comprising the chattel paper are created, stored and assigned in such a manner that:

1416 (1) a single authoritative copy of the record or records exists which is unique,  
1417 identifiable and, except as otherwise provided in clauses (4), (5) and (6), unalterable;

1418 (2) the authoritative copy identifies the secured party as the assignee of the record  
1419 or records;

1420 (3) the authoritative copy is communicated to and maintained by the secured party  
1421 or its designated custodian;

1422 (4) copies or amendments that add or change an identified assignee of the  
1423 authoritative copy can be made only with the consent of the secured party;

1424 (5) each copy of the authoritative copy and any copy of a copy is readily  
1425 identifiable as a copy that is not the authoritative copy; and

1426 (6) any amendment of the authoritative copy is readily identifiable as authorized  
1427 or unauthorized.

1428 SECTION 91. Section 9-307 of said chapter 106, as so appearing, is hereby amended by  
1429 inserting after the word “ location”, in line 34, the following words;-, including by designating its  
1430 main office, home office or other comparable office.

1431 SECTION 92. Section 9-311 of said chapter 106, as so appearing, is hereby amended by  
1432 striking out, in line 9, the words “certificate-of-title”.

1433 SECTION 93. Said section 9-311 of said chapter 106, as so appearing, is hereby further  
1434 amended by striking out, in line 10, the words “the certificate” and inserting in place thereof the  
1435 following words:- a certificate of title.

1436 SECTION 95. Said section 9-316 of said chapter 106, as so appearing, is hereby further  
1437 amended by adding the following 2 subsections:-

1438 (h) Effect on filed financing statement of change in governing law. The following rules  
1439 shall apply to collateral to which a security interest attaches within 4 months after the debtor  
1440 changes its location to another jurisdiction:

1441 (1) a financing statement filed before the change pursuant to the law of the  
1442 jurisdiction designated in Section 9-301(1) or 9-305(c) is effective to perfect a security interest in  
1443 the collateral if the financing statement would have been effective to perfect a security interest in  
1444 the collateral had the debtor not changed its location.

1445 (2) if a security interest perfected by a financing statement that is effective under  
1446 paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the  
1447 time the financing statement would have become ineffective under the law of the jurisdiction  
1448 designated in section 9-301(1) or 9-305(c) or the expiration of the 4-month period, it remains  
1449 perfected thereafter. If the security interest does not become perfected under the law of the other  
1450 jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have  
1451 been perfected as against a purchaser of the collateral for value.

1452 (i) Effect of change in governing law on financing statement filed against original  
1453 debtor. If a financing statement naming an original debtor is filed pursuant to the law of the  
1454 jurisdiction designated in section 9-301(1) or 9-305(c) and the new debtor is located in another  
1455 jurisdiction, the following rules shall apply:

1456 (1) the financing statement is effective to perfect a security interest in collateral  
1457 acquired by the new debtor before, and within 4 months after, the new debtor becomes bound



1458 under section 9-203(d), if the financing statement would have been effective to perfect a security  
1459 interest in the collateral had the collateral been acquired by the original debtor.

1460 (2) a security interest perfected by the financing statement and which becomes  
1461 perfected under the law of the other jurisdiction before the earlier of the time the financing  
1462 statement would have become ineffective under the law of the jurisdiction designated in section  
1463 9-301(1) or 9-305(c) or the expiration of the 4-month period remains perfected thereafter. A  
1464 security interest that is perfected by the financing statement but which does not become perfected  
1465 under the law of the other jurisdiction before the earlier time or event becomes unperfected and  
1466 is deemed never to have been perfected as against a purchaser of the collateral for value.

1467 SECTION 96. Said section 9-317 of said chapter 106, as so appearing, is hereby further  
1468 amended by striking out, in line 12, the words “security certificate” and inserting in place thereof  
1469 the following words:- certificated security.

1470 SECTION 97. Said section 9-317 of said chapter 106, as so appearing, is hereby further  
1471 amended by striking out, in lines 22 and 23, the words “accounts, electronic chattel paper,  
1472 general intangibles, or investment property other than” and inserting in place thereof the  
1473 following words:- collateral other than tangible chattel paper, tangible documents, goods,  
1474 instruments or.

1475 SECTION 98. Section 9-326 of said chapter 106, as so appearing, is hereby amended by  
1476 striking out subsection (a) and inserting in place thereof the following subsection:-

1477 (a) Subordination of security interest created by new debtor. Subject to subsection (b), a  
1478 security interest that is created by a new debtor in collateral in which the new debtor has or  
1479 acquires rights and is perfected solely by a filed financing statement that would be ineffective to

1480 perfect the security interest but for the application of section 9-316(i)(1) or 9-508 is subordinate  
1481 to a security interest in the same collateral which is perfected other than by such a filed financing  
1482 statement.

1483 SECTION 99. Said section 9-326 of said chapter 106, as so appearing, is hereby further  
1484 amended by striking out, in line 11, the words “that are effective solely under Section 9-508” and  
1485 inserting in place thereof the following words:- described in subsection (a).

1486 SECTION 100. Section 9-405 of said chapter 106, as so appearing, is hereby amended  
1487 by inserting after the word “note”, in line 46, the following words:- , other than a sale pursuant to  
1488 a disposition under section 9-610 or an acceptance of collateral under section 9-620.

1489 SECTION 101. Section 9-407 of said chapter 106, as so appearing, is hereby amended  
1490 by inserting after the word “ note”, in line 21, the following words:- , other than a sale pursuant  
1491 to a disposition under section 9-610 or an acceptance of collateral under section 9-620”.

1492 SECTION 102. Subsection (c) of section 9-502 of said chapter 106, as so appearing, is  
1493 hereby amended by striking out clause (3) and inserting in place thereof the following clause:-

1494 (3) the record satisfies the requirements for a financing statement in this section, but:

1495 (A) the record need not indicate that it is to be filed in the real property records;

1496 and

1497 (B) the record sufficiently provides the name of a debtor who is an individual if it  
1498 provides the individual name of the debtor or the surname and first personal name of the debtor,  
1499 even if the debtor is an individual to whom section 9-503(a)(4) applies; and.

1500 SECTION 103. Section 9-503 of said chapter 106, as so appearing, is hereby amended  
1501 by striking out subsection (a) and inserting in place thereof the following subsection:-

1502 (a) Sufficiency of debtor's name. A financing statement sufficiently provides the name  
1503 of the debtor:

1504 (1) except as otherwise provided in clause (3), if the debtor is a registered  
1505 organization or the collateral is held in a trust that is a registered organization, only if the  
1506 financing statement provides the name that is stated to be the registered organization's name on  
1507 the public organic record most recently filed with or issued or enacted by the registered  
1508 organization's jurisdiction of organization which purports to state, amend or restate the  
1509 registered organization's name;

1510 (2) subject to subsection (f), if the collateral is being administered by the personal  
1511 representative of a decedent, only if the financing statement provides, as the name of the debtor,  
1512 the name of the decedent and, in a separate part of the financing statement, indicates that the  
1513 collateral is being administered by a personal representative;

1514 (3) if the collateral is held in a trust that is not a registered organization, only if  
1515 the financing statement:

1516 (A) provides, as the name of the debtor:

1517 (i) if the organic record of the trust specifies a name for the trust,  
1518 the name specified; or

1519 (ii) if the organic record of the trust does not specify a name for the  
1520 trust, the name of the settlor or testator; and

1521 (B) in a separate part of the financing statement:

1522 (i) if the name is provided in accordance with subclause (A)(i),  
1523 indicates that the collateral is held in a trust; or

1524 (ii) if the name is provided in accordance with subclause (A)(ii),  
1525 provides additional information sufficient to distinguish the trust from other trusts having 1 or  
1526 more of the same settlors or the same testator and indicates that the collateral is held in a trust,  
1527 unless the additional information so indicates;

1528 (4) subject to subsection (g), if the debtor is an individual to whom the  
1529 commonwealth has issued a driver's license or Massachusetts identification card that has not  
1530 expired, only if the financing statement provides the name of the individual which is indicated on  
1531 the driver's license or Massachusetts identification card;

1532 (5) if the debtor is an individual to whom clause (4) does not apply, only if the  
1533 financing statement provides the individual name of the debtor or the surname and first personal  
1534 name of the debtor; and

1535 (6) in other cases:

1536 (A) if the debtor has a name, only if the financing statement provides the  
1537 organizational name of the debtor; and

1538 (B) if the debtor does not have a name, only if it provides the names of the  
1539 partners, members, associates or other persons comprising the debtor in a manner that each name  
1540 provided would be sufficient if the person named were the debtor.

1541 SECTION 104. Said section 9-503 of said chapter 106, as so appearing, is hereby further  
1542 amended by striking out, in line 28, the word “subsection (a)(4)(B)” and inserting in place  
1543 thereof the following word:- subsection (a)(6)(B).

1544 SECTION 105. Said section 9-503 of said chapter 106, as so appearing, is hereby further  
1545 amended by adding the following 3 subsections:-

1546 (f) Name of decedent. The name of the decedent indicated on the order appointing the  
1547 personal representative of the decedent issued by the court having jurisdiction over the collateral  
1548 is sufficient as the “name of the decedent” under subsection (a)(2).

1549 (g) Multiple driver’s licenses. If the commonwealth has issued to an individual more  
1550 than 1 driver’s license or Massachusetts identification card of a kind described in subsection  
1551 (a)(4), the 1 that was issued most recently is the 1 to which said subsection (a)(4) refers.

1552 (h) Definition. In this section, the “name of the settlor or testator” shall mean:

1553 (1) if the settlor is a registered organization, the name that is stated to be the  
1554 settlor’s name on the public organic record most recently filed with or issued or enacted by the  
1555 settlor’s jurisdiction of organization which purports to state, amend or restate the settlor’s name;  
1556 or

1557 (2) in other cases, the name of the settlor or testator indicated in the trust’s organic  
1558 record.

1559 SECTION 106. Section 9-507 of said chapter 106, as so appearing, is hereby amended  
1560 by striking out subsection (c) and inserting in place thereof the following subsection:-

1561 (c) Change in debtor's name. If the name that a filed financing statement provides for a  
1562 debtor becomes insufficient as the name of the debtor under section 9-503(a) so that the  
1563 financing statement becomes seriously misleading under section 9-506:

1564 (1) the financing statement is effective to perfect a security interest in collateral  
1565 acquired by the debtor before, or within 4 months after, the filed financing statement becomes  
1566 seriously misleading; and

1567 (2) the financing statement is not effective to perfect a security interest in  
1568 collateral acquired by the debtor more than 4 months after the filed financing statement becomes  
1569 seriously misleading, unless an amendment to the financing statement which renders the  
1570 financing statement not seriously misleading is filed within 4 months after the financing  
1571 statement became seriously misleading.

1572 SECTION 107. Section 9-515 of said chapter 106, as so appearing, is hereby amended  
1573 by inserting after the word "filed", in line 34, the following word:- initial.

1574 SECTION 108. Section 9-516 of said chapter 106, as so appearing, is hereby amended  
1575 by striking out, in line 14, the word "correction" and inserting in place thereof the following  
1576 word:- information.

1577 SECTION 109. Said section 9-516 of said chapter 106, as so appearing, is hereby  
1578 amended by striking out, in line 23, the words "last name" and inserting in place thereof the  
1579 following word:- surname.

1580 SECTION 110. Subsection (b) of said section 9-516 of said chapter 106, as so appearing,  
1581 is hereby amended by striking out clause (5) and inserting in place thereof the following clause:-

1582 (5) in the case of an initial financing statement or an amendment that provides a name of  
1583 a debtor which was not previously provided in the financing statement to which the amendment  
1584 relates, the record does not:

1585 (A) provide a mailing address for the debtor; or

1586 (B) indicate whether the name provided as the name of the debtor is the name of  
1587 an individual or an organization;

1588 SECTION 111. Said chapter 106 is hereby further amended by striking out section 9-  
1589 518, as so appearing, and inserting in place thereof the following section:-

1590 SECTION 9-518. Claim Concerning Inaccurate Or Wrongfully Filed Record.

1591 (a) Statement with respect to record indexed under person's name. A person may file in  
1592 the filing office an information statement with respect to a record indexed there under the  
1593 person's name if the person believes that the record is inaccurate or was wrongfully filed.

1594 (b) Contents of statement under subsection (a). An information statement under  
1595 subsection (a) shall:

1596 (1) identify the record to which it relates by:

1597 (A) the file number assigned to the initial financing statement to which the  
1598 record relates; and

1599 (B) if the information statement relates to a record filed or recorded in a  
1600 filing office described in section 9-501(a)(1):

1601 (i) the book and page number of the initial financing statement, in  
1602 the case of unregistered land governed by chapter 36 or if a book and page number has not yet  
1603 been assigned to the initial financing statement, the instrument number of the initial financing  
1604 statement and the date on which the initial financing statement was originally filed and the  
1605 document number of the initial financing statement, in the case of registered land governed by  
1606 chapter 185; and

1607 (ii) the information specified in section 9-502(b);

1608 (2) indicate that it is an information statement; and

1609 (3) provide the basis for the person's belief that the record is inaccurate and  
1610 indicate the manner in which the person believes the record should be amended to cure any  
1611 inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

1612 (c) Statement by secured party of record. A person may file in the filing office an  
1613 information statement with respect to a record filed there if the person is a secured party of  
1614 record with respect to the financing statement to which the record relates and believes that the  
1615 person that filed the record was not entitled to do so under section 9-509(d).

1616 (d) Contents of statement under subsection (c). An information statement under  
1617 subsection (c) shall:

1618 (1) identify the record to which it relates by:

1619 (A) the file number assigned to the initial financing statement to which the  
1620 record relates; and



1621 (B) if the information statement relates to a record filed or recorded in a  
1622 filing office described in section 9-501(a)(1):

1623 (i) the book and page number of the initial financing statement, in  
1624 the case of unregistered land governed by chapter 36 or, if a book and page number has not yet  
1625 been assigned to the initial financing statement, the instrument number of the initial financing  
1626 statement and the date on which the initial financing statement was originally filed and the  
1627 document number of the initial financing statement, in the case of registered land governed by  
1628 chapter 185; and

1629 (ii) the information specified in section 9-502(b);

1630 (2) indicate that it is an information statement; and

1631 (3) provide the basis for the person's belief that the person that filed the record  
1632 was not entitled to do so under section 9-509(d).

1633 (e) Record not affected by information statement. The filing of an information statement  
1634 does not affect the effectiveness of an initial financing statement or other filed record.

1635 SECTION 112. Said chapter 106 is hereby further amended by striking out section 9-  
1636 521, as so appearing, and inserting in place thereof the following section:-

1637 SECTION 9-521. Uniform Form of Written Financing Statement and Amendment.

1638 (a) Initial financing statement form. A filing office that accepts written records may not  
1639 refuse to accept a written initial financing statement in the following form and format except for  
1640 a reason set forth in section 9-516(b):

1641

1642

1643 (b) Amendment form. A filing office that accepts written records shall not refuse to  
1644 accept a written record in the following form and format except for a reason set forth in section  
1645 9-516(b):

1646

1647

1648 SECTION 113. Section 9-607 of said chapter 106, as so appearing, is hereby amended  
1649 by inserting after the word “ occurred”, in line 27, the following words:- with respect to the  
1650 obligation secured by the mortgage.

1651 SECTION 114. Subsection 2A-103(3) of said chapter 106 is hereby amended by striking  
1652 out, in line 154, the figure “9-102(a)(68)” and inserting in place thereof the following figure:- 9-  
1653 102(a)(69).

1654 SECTION 115. Article 9 of said chapter 106 is hereby further amended by adding the  
1655 following part:-

1656 PART 8. TRANSITION PROVISIONS

1657 SECTION 9-801. Effective Date. References in this Part to the amendatory act shall  
1658 mean those changes made to this Article that take effect on July 1, 2013 .

1659 SECTION 9-802. Savings Clause.

1660 (a) Pre-effective-date transactions or liens. Except as otherwise provided in this Part, the  
1661 amendatory act shall apply to a transaction or lien within its scope even if the transaction or lien  
1662 was entered into or created before the effective date of the amendatory act.

1663 (b) Pre-effective-date proceedings. This amendatory act shall not affect an action, case  
1664 or proceeding commenced before the effective date of the amendatory act.

1665 SECTION 9-803. Security Interest Perfected Before Effective Date.

1666 (a) Continuing perfection: perfection requirements satisfied. A security interest that is a  
1667 perfected security interest immediately before the effective date of the amendatory act is a  
1668 perfected security interest under this Article if, on the effective date of the amendatory act, the  
1669 applicable requirements for attachment and perfection under this Article as amended by the  
1670 amendatory act are satisfied without further action.

1671 (b) Continuing perfection: perfection requirements not satisfied. Except as otherwise  
1672 provided in Section 9-805, if immediately before the effective date of the amendatory act, a  
1673 security interest is a perfected security interest, but the applicable requirements for perfection  
1674 under this Article as amended by the act are not satisfied on such effective date, the security  
1675 interest remains perfected thereafter only if the applicable requirements for perfection under this  
1676 Article as amended by the amendatory act are satisfied within 1 year after the effective date of  
1677 the amendatory act.

1678 SECTION 9-804. Security Interest Unperfected Before Effective Date. A security  
1679 interest that is an unperfected security interest immediately before the effective date of the  
1680 amendatory act becomes a perfected security interest:

1681 (1) without further action, on the effective date of the amendatory act if the applicable  
1682 requirements for perfection under this Article as amended by the amendatory act are satisfied  
1683 before or at that time; or

1684 (2) when the applicable requirements for perfection are satisfied if the requirements are  
1685 satisfied after that time.

1686 SECTION 9-805. Effectiveness Of Action Taken Before Effective Date.

1687 (a) Pre-effective-date filing effective. The filing of a financing statement before the  
1688 effective date of the amendatory act is effective to perfect a security interest to the extent the  
1689 filing would satisfy the applicable requirements for perfection under this Article as amended by  
1690 the amendatory act.

1691 (b) When pre-effective-date filing becomes ineffective. The amendatory act shall not  
1692 render ineffective an effective financing statement that, before the effective date of the  
1693 amendatory act, is filed and satisfies the applicable requirements for perfection under the law of  
1694 the jurisdiction governing perfection as provided in this Article as it existed before the effective  
1695 date of the amendatory act. However, except as otherwise provided in subsections (c) and (d)  
1696 and Section 9-806, the financing statement ceases to be effective:

1697 (1) if the financing statement is filed in the commonwealth, at the time the  
1698 financing statement would have ceased to be effective had the amendatory act not taken effect;  
1699 or

1700 (2) if the financing statement is filed in another jurisdiction, at the earlier of:

1701 (A) the time the financing statement would have ceased to be effective  
1702 under the law of that jurisdiction; or

1703 (B) June 30, 2018.

1704 (c) Continuation statement. The filing of a continuation statement after the effective date  
1705 of the amendatory act shall not continue the effectiveness of a financing statement filed before  
1706 the effective date of the amendatory act. However, upon the timely filing of a continuation  
1707 statement after the effective date of the amendatory act and in accordance with the law of the  
1708 jurisdiction governing perfection as provided in this Article as amended by the amendatory act,  
1709 the effectiveness of a financing statement filed in the same office in that jurisdiction before the  
1710 effective date of the amendatory act continues for the period provided by the law of that  
1711 jurisdiction.

1712 (d) Application of subsection (b)(2)(B) to transmitting utility financing statement.  
1713 Subsection (b)(2)(B) shall apply to a financing statement that, before the effective date of the act,  
1714 is filed against a transmitting utility and satisfies the applicable requirements for perfection under  
1715 the law of the jurisdiction governing perfection as provided in this Article as it existed before the  
1716 effective date of the amendatory act, only to the extent that this Article as amended by the  
1717 amendatory act provides that the law of a jurisdiction other than the jurisdiction in which the  
1718 financing statement is filed governs perfection of a security interest in collateral covered by the  
1719 financing statement.

1720 (e) Application of part 5. A financing statement that includes a financing statement filed  
1721 before this amendatory act and a continuation statement filed after the effective date of the  
1722 amendatory act is effective only to the extent that it satisfies the requirements of Part 5 as

1723 amended by the amendatory act for an initial financing statement. A financing statement that  
1724 indicates that the debtor is a decedent's estate indicates that the collateral is being administered  
1725 by a personal representative within the meaning of section 9-503(a)(2) as amended by the  
1726 amendatory act. A financing statement that indicates that the debtor is a trust or is a trustee  
1727 acting with respect to property held in trust indicates that the collateral is held in a trust within  
1728 the meaning of section 9-503(a)(3) as amended by the act.

1729           SECTION 9-806. When Initial Financing Statement Suffices To Continue Effectiveness  
1730 Of Financing Statement.

1731           (a) Initial financing statement in lieu of continuation statement. The filing of an initial  
1732 financing statement in the office specified in section 9-501 continues the effectiveness of a  
1733 financing statement filed before the effective date of the amendatory act if:

1734                   (1) the filing of an initial financing statement in that office would be effective to  
1735 perfect a security interest under this Article as amended by the amendatory act;

1736                   (2) the pre-effective-date financing statement was filed in an office in another  
1737 state; and

1738                   (3) the initial financing statement satisfies subsection (c).

1739           (b) Period of continued effectiveness. The filing of an initial financing statement under  
1740 subsection (a) continues the effectiveness of the pre-effective-date financing statement if:

1741                   (1) the initial financing statement is filed before the effective date of the  
1742 amendatory act, for the period provided in section 9-515 before the effective date of the  
1743 amendatory act took effect with respect to an initial financing statement; and

1744 (2) the initial financing statement is filed after the effective date of the  
1745 amendatory act for the period provided in section 9-515 as amended by the amendatory act with  
1746 respect to an initial financing statement.

1747 (c) Requirements for initial financing statement under subsection (a). To be effective for  
1748 purposes of subsection (a), an initial financing statement shall:

1749 (1) satisfy the requirements of Part 5 as amended by the amendatory act for an  
1750 initial financing statement;

1751 (2) identify the pre-effective-date financing statement by indicating the office in  
1752 which the financing statement was filed and providing the dates of filing and file numbers, if  
1753 any, of the financing statement and of the most recent continuation statement filed with respect  
1754 to the financing statement; and

1755 (3) indicate that the pre-effective-date financing statement remains effective.

1756 SECTION 9-807. Amendment Of Pre-Effective Date Financing Statement.

1757 (a) “Pre-effective-date financing statement”. In this section, “pre-effective-date  
1758 financing statement” means a financing statement filed before the effective date of the  
1759 amendatory act.

1760 (b) Applicable law. After the effective date of the amendatory act, a person may add or  
1761 delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the  
1762 information provided in, a pre-effective-date financing statement only in accordance with the law  
1763 of the jurisdiction governing perfection as provided in this Article as amended by the amendatory  
1764 act. However, the effectiveness of a pre-effective-date financing statement may also be

1765 terminated in accordance with the law of the jurisdiction in which the financing statement is  
1766 filed.

1767 (c) Method of amending: general rule. Except as otherwise provided in subsection (d), if  
1768 the law of the commonwealth governs perfection of a security interest, the information in a pre-  
1769 effective-date financing statement may be amended after the effective date of the amendatory act  
1770 only if:

1771 (1) the pre-effective-date financing statement and an amendment are filed in the  
1772 office specified in section 9-501;

1773 (2) an amendment is filed in the office specified in section 9-501 concurrently  
1774 with, or after the filing in that office of, an initial financing statement that satisfies section 9-  
1775 806(c); or

1776 (3) an initial financing statement that provides the information as amended and  
1777 satisfies section 9-806(c) is filed in the office specified in section 9-501.

1778 (d) Method of amending: continuation. If the law of the commonwealth governs  
1779 perfection of a security interest, the effectiveness of a pre-effective-date financing statement may  
1780 be continued only under section 9-805(c), 9-805(e) or 9-806.

1781 (e) Method of amending: additional termination rule. Whether or not the law of the  
1782 commonwealth governs perfection of a security interest, the effectiveness of a pre-effective-date  
1783 financing statement filed in the commonwealth may be terminated after the effective date of the  
1784 amendatory act by filing a termination statement in the office in which the pre-effective-date  
1785 financing statement is filed, unless an initial financing statement that satisfies section 9-806(c)



1786 has been filed in the office specified by the law of the jurisdiction governing perfection as  
1787 provided in this Article 9 as amended by the amendatory act as the office in which to file a  
1788 financing statement.

1789 SECTION 9-808. Person Entitled To File Initial Financing Statement Or Continuation  
1790 Statement. A person may file an initial financing statement or a continuation statement under  
1791 this part if:

1792 (1) the secured party of record authorizes the filing; and

1793 (2) the filing is necessary under this part:

1794 (A) to continue the effectiveness of a financing statement filed before the  
1795 effective date of the act; or

1796 (B) to perfect or continue the perfection of a security interest.

1797 SECTION 9-809. Priority. The amendatory act shall determine the priority of  
1798 conflicting claims to collateral. However, if the relative priorities of the claims were established  
1799 before the effective date of the amendatory act, this article in effect before the effective date of  
1800 the amendatory act shall determine priority.

1801 SECTION 116. (a) Sections 1 to 82, inclusive, shall apply to a document of title that is issued  
1802 or a bailment that arises on or after the effective date of said sections 1 to 82, inclusive. Said  
1803 sections 1 to 82, inclusive, shall not apply to a document of title that is issued or a bailment that  
1804 arises before the effective date of said sections 1 to 82, inclusive, even if the document of title or  
1805 bailment would be subject to this act if the document of title had been issued or bailment had  
1806 arisen on or after the effective date of said sections 1 to 82, inclusive.

1807 (b) Sections 1 to 82, inclusive, shall not apply to a right of action that has accrued  
1808 before the effective date of said sections 1 to 82, inclusive.

1809 (c) A document of title issued or a bailment that arises before the effective date of  
1810 sections 1 to 82, inclusive, and the rights, obligations and interests flowing from that document  
1811 or bailment are governed by any law or other rule amended or repealed by said sections 1 to 82,  
1812 inclusive, as if such amendment or repeal had not occurred and may be terminated, completed,  
1813 consummated or enforced under that law or other rule.

1814 (d) Section 61 shall apply to a sale of an account described in clause (14) of section  
1815 9-309 of Article 9 of chapter 106 of the General Laws even if the sale was entered into before the  
1816 effective date of sections 1 to 82, inclusive; provided, that if the relative priorities of conflicting  
1817 claims to the account were established before the effective date of said sections 1 to 82,  
1818 inclusive, the relevant provisions of said Article 9 of said chapter 106 as in effect immediately  
1819 prior to the effective date of said sections 1 to 82, inclusive, shall determine priority.

1820 SECTION 117. Sections 84 to 115, inclusive, shall take effect on July 1, 2013.