STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

A N A C T

RELATING TO UNIFORM COMMERCIAL CODE -- GENERAL PROVISIONS

Introduced By: Representatives Kennedy, and Edwards

Date Introduced: February 12, 2021

Referred To: House Corporations

It is enacted by the General Assembly as follows:

SECTION 1. Section 6A-1-201 of the General Laws in Chapter 6A-1 entitled “General Provisions” is hereby amended to read as follows:

6A-1-201. General definitions.

(a) Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other chapters of title 6A that apply to particular chapters or parts thereof, have the meanings stated.

(b) Subject to definitions contained in other chapters of title 6A that apply to particular chapters or parts thereof:

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

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

(3) “Agreement”, as distinguished from “contract”, means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in § 6A-1-303.

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

(5) “Bearer” means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title, or certificated security that is payable to bearer or indorsed in blank.
(6) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. This term does not include a warehouse receipt.

(7) "Branch" includes a separately incorporated foreign branch of a bank.

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

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

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

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

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

(11) "Consumer" means an individual who enters into a transaction primarily for personal, family, or household purposes.

(12) "Contract", as distinguished from "agreement", means the total legal obligation that results from the parties' agreement as determined by title 6A as supplemented by any other applicable laws.

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

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

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

(16) “Document of title” includes bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold, and dispose of the document and the goods it covers. To be a document of title, a document must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.

"Document of title" means a record:
(i) That in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold, and dispose of the record and the goods the record covers; and
(ii) That purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass. The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods.

An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

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

(18) "Fungible goods" means:
(A) Goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or
(B) Goods that by agreement are treated as equivalent.

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

(20) "Good faith" means honesty in fact in the conduct or transaction concerned.

(21) "Holder" means:
(A) The person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession; ce
(B) The person in possession of a **negotiable tangible** document of title if the goods are deliverable either to bearer or to the order of the person in possession; or

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

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

(23) "Insolvent" means:

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

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

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

(24) "Money" means a medium of exchange currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two (2) or more countries.

(25) "Organization" means a person other than an individual.

(26) "Party", as distinguished from "third-party", means a person that has engaged in a transaction or made an agreement subject to title 6A.

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

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

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

(30) "Purchaser" means a person that takes by purchase.

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

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

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

(35) “Security interest” means an interest in personal property or fixtures which secures payment or performance of an obligation. "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Chapter 9. "Security interest” does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under § 6A-2-401, but a buyer may also acquire a “security interest” by complying with Chapter 9. Except as otherwise provided in § 6A-2-505, the right of a seller or lessor of goods under Chapter 2 or 2.1 to retain or acquire possession of the goods is not a "security interest", but a seller or lessor may also acquire a “security interest” by complying with Chapter 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under § 6A-2-401 is limited in effect to a reservation of a “security interest.” Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to § 6A-1-203.

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

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

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

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

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

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

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

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

(42) “Warehouse receipt” means a receipt document of title issued by a person engaged in the business of storing goods for hire. The term does not include a bill of lading.

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

6A-2 entitled "Sales" are hereby amended to read as follows:

6A-2-401. Passing of title -- Reservation for security -- Limited application of this section.

Each provision of this chapter with regard to the rights, obligations and remedies of the seller, the buyer, purchasers, or other third parties applies irrespective of title to the goods except where the provision refers to such title. Insofar as situations are not covered by the other provisions of this chapter and matters concerning title become material the following rules apply:

(1) Title to goods cannot pass under a contract for sale prior to their identification to the contract (§ 6A-2-501), and unless otherwise explicitly agreed the buyer acquires by their identification a special property as limited by this title. Any retention or reservation by the seller of the title (property) in goods shipped or delivered to the buyer is limited in effect to a reservation of a security interest. Subject to these provisions and to the provisions of the chapter on secured transactions (chapter 9), title to goods passes from the seller to the buyer in any manner and on any conditions explicitly agreed on by the parties.

(2) Unless otherwise explicitly agreed, title passes to the buyer at the time and place at which the seller completes his or her performance with reference to the physical delivery of the goods, despite any reservation of a security interest and even though a document of title is to be delivered at a different time or place; and in particular and despite any reservation of a security interest by the bill of lading.

(a) If the contract requires or authorizes the seller to send the goods to the buyer but does not require him or her to deliver them at destination, title passes to the buyer at the time and place of shipment; but

(b) If the contract requires delivery at destination, title passes on tender there.

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

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

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

(4) A rejection or other refusal by the buyer to receive or retain the goods, whether or not justified, or a justified revocation of acceptance revests title to the goods in the seller. Such revesting occurs by operation of law and is not a "sale".

6A-2-505. Seller's shipment under reservation.
(1) Where the seller has identified goods to the contract by or before shipment:

(a) The seller's procurement of a negotiable bill of lading to his or her own order or otherwise reserves in him or her a security interest in the goods. The seller's procurement of the bill to the order of a financing agency or of the buyer indicates in addition only the seller's expectation of transferring that interest to the person named.

(b) A nonnegotiable bill of lading to the seller or his or her nominee reserves possession of the goods as security but, except in a case of conditional delivery (§ 6A-2-507(2)), a nonnegotiable bill of lading naming the buyer as consignee reserves no security interest even though the seller retains possession or control of the bill of lading.

(2) When shipment by the seller with reservation of a security interest is in violation of the contract for sale it constitutes an improper contract for transportation within the preceding section, but impairs neither the rights given to the buyer by shipment and identification of the goods to the contract nor the seller's powers as a holder of a negotiable document of title.


(1) Where the contract requires or authorizes the seller to ship the goods by carrier:

(a) If it does not require him or her to deliver them at a particular destination, the risk of loss passes to the buyer when the goods are duly delivered to the carrier even though the shipment is under reservation (§ 6A-2-505); but

(b) If it does require him or her to deliver them at a particular destination and the goods are there duly tendered while in the possession of the carrier, the risk of loss passes to the buyer when the goods are there duly so tendered as to enable the buyer to take delivery.

(2) Where the goods are held by a bailee to be delivered without being moved, the risk of loss passes to the buyer:

(a) On his or her receipt of possession or control of a negotiable document of title covering the goods; or

(b) On acknowledgment by the bailee of the buyer's right to possession of the goods; or

(c) After his or her receipt of possession or control of a nonnegotiable document of title or other direction to deliver in a record, as provided in § 6A-2-503(4)(b).

(3) In any case not within subsection (1) or (2), the risk of loss passes to the buyer on his or her receipt of the goods if the seller is a merchant; otherwise the risk passes to the buyer on tender of delivery.

(4) The provisions of this section are subject to contrary agreement of the parties and to the provisions of this chapter on sale on approval (§ 6A-2-327) and on effect of breach on risk of loss (§ 6A-2-510).
SECTION 3. Section 6A-9-102 of the General Laws in Chapter 6A-9 entitled "Secured Transactions" is hereby amended to read as follows:

**6A-9-102. Definitions.**

(a) Chapter 9 definitions. In this chapter:

1. "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

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

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

4. "Accounting", except as used in "accounting for", means a record:

(i) Authenticated by a secured party;

(ii) Indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and

(iii) Identifying the components of the obligations in reasonable detail.

5. "Agricultural lien" means an interest in farm products:

(i) Which secures payment or performance of an obligation for:

(A) Goods or services furnished in connection with a debtor's farming operation; or

(B) Rent on real property leased by a debtor in connection with its farming operation;

(ii) Which is created by statute in favor of a person that:

(A) In the ordinary course of its business furnished goods or services to a debtor in
connection with a debtor's farming operation; or

(B) Leased real property to a debtor in connection with the debtor's farming operation; and

(iii) Whose effectiveness does not depend on the person's possession of the personal property.

(6) "As-extracted collateral" means:

(i) Oil, gas, or other minerals that are subject to a security interest that:

(A) Is created by a debtor having an interest in the minerals before extraction; and

(B) Attaches to the minerals as extracted; or

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

(7) "Authenticate" means:

(i) To sign; or

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

(8) "Bank" means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

(9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

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

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

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

(i) Proceeds to which a security interest attaches;

(ii) Accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

(iii) Goods that are the subject of a consignment.

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

(ii) The claimant is an individual and the claim:

(A) Arose in the course of the claimant's business or profession; and

(B) Does not include damages arising out of personal injury to or the death of an individual.

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

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

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

(ii) Traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

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

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

(i) Is registered as a futures commission merchant under federal commodities law; or

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

(18) “Communicate” means:

(i) To send a written or other tangible record;

(ii) To transmit a record by any means agreed upon by the persons sending and receiving the record; or

(iii) In the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

(19) "Consignee" means a merchant to which goods are delivered in a consignment.

(20) "Consignment" means a transaction, regardless of its form, in which a person delivers
1. goods to a merchant for the purpose of sale and:

2.   (i) The merchant:

3.      (A) Deals in goods of that kind under a name other than the name of the person making
4.          delivery;
5.      (B) Is not an auctioneer; and
6.      (C) Is not generally known by its creditors to be substantially engaged in selling the goods
7.          of others;
8.   (ii) With respect to each delivery, the aggregate value of the goods is $1,000 or more at the
9.          time of delivery;
10.  (iii) The goods are not consumer goods immediately before delivery; and
11.  (iv) The transaction does not create a security interest that secures an obligation.

(21) "Consignor" means a person that delivers goods to a consignee in a consignment.

(22) "Consumer debtor" means a debtor in a consumer transaction.

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

(24) "Consumer-goods transaction" means a consumer transaction in which:

   (i) An individual incurs an obligation primarily for personal, family, or household
purposes; and

   (ii) A security interest in consumer goods secures the obligation.

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

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

(27) "Continuation statement" means an amendment of a financing statement which:

   (i) Identifies, by its file number, the initial financing statement to which it relates; and

   (ii) Indicates that it is a continuation statement for, or that it is filed to continue the
effectiveness of, the identified financing statement.

(28) "Debtor" means:

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

   (ii) A seller of accounts, chattel paper, payment intangibles, or promissory notes; or
(iii) A consignee.

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

(30) "Document" means a document of title or a receipt of the type described in subsection 6A-7-201(b).

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

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

(33) "Equipment" means goods other than inventory, farm products, or consumer goods.

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

(i) Crops grown, growing, or to be grown, including:
   (A) Crops produced on trees, vines, and bushes; and
   (B) Aquatic goods, including seaweeds, produced in aquacultural operations;

(ii) Livestock, born or unborn, including fish, shellfish and other aquatic goods produced in aquacultural operations;

(iii) Supplies used or produced in a farming operation; or

(iv) Products of crops or livestock in their unmanufactured states.

(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) "File number" means the number assigned to an initial financing statement pursuant to § 6A-9-519(a).

(37) "Filing office" means an office designated in § 6A-9-501 as the place to file a financing statement.

(38) "Filing-office rule" means a rule adopted pursuant to § 6A-9-526.

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

(40) "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying § 6A-9-502(a) and (b). The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

(41) "Fixtures" means goods that have become so related to particular real property that an interest in them arises under real property law.
(42) "General intangible" means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

(43) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(44) "Goods" means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

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

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

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

(48) "Inventory" means goods, other than farm products, which:

(i) Are leased by a person as lessor;
(ii) Are held by a person for sale or lease or to be furnished under a contract of service;
(iii) Are furnished by a person under a contract of service; or
(iv) Consist of raw materials, work in process, or materials used or consumed in a business.

(49) "Investment property" means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

(50) "Jurisdiction of organization", with respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized.

(51) "Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

(52) "Lien creditor" means:
(i) A creditor that has acquired a lien on the property involved by attachment, levy, or the like;
(ii) An assignee for benefit of creditors from the time of assignment;
(iii) A trustee in bankruptcy from the date of the filing of the petition; or
(iv) A receiver in equity from the time of appointment.

(53) "Manufactured home" means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.

(54) "Manufactured-home transaction" means a secured transaction:
(i) That creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or
(ii) In which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

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

(56) "New debtor" means a person that becomes bound as debtor under § 6A-9-203(d) by
a security agreement previously entered into by another person.

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

(58) "Noncash proceeds” means proceeds other than cash proceeds.

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

(60) "Original debtor,” except as used in § 6A-9-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under § 6A-9-203(d).

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

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

(i) The spouse of the individual;

(ii) A brother, brother-in-law, sister, or sister-in-law of the individual;

(iii) An ancestor or lineal descendant of the individual or the individual's spouse; or

(iv) Any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

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

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

(ii) An officer or director of, or a person performing similar functions with respect to, the organization;

(iii) An officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (i);

(iv) The spouse of an individual described in subparagraph (i), (ii), or (iii); or

(v) An individual who is related by blood or marriage to an individual described in subparagraph (i), (ii), (iii), or (iv) and shares the same home with the individual.

(64) "Proceeds," except as used in § 6A-9-609(b), means the following property:

(i) Whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;
(ii) Whatever is collected on, or distributed on account of, collateral;

(iii) Rights arising out of collateral;

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

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

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

(66) "Proposal" means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to §§ 6A-9-620, 6A-9-621, and 6A-9-622.

(67) "Public-finance transaction" means a secured transaction in connection with which:

(i) Debt securities are issued;

(ii) All or a portion of the securities issued have an initial stated maturity of at least 20 years; and

(iii) The debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security interest is a State or a governmental unit of a State.

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

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

(ii) An organic record of a business trust consisting of the record initially filed with a state and any record filed with the state which amends or restates the initial record, if a statute of the state governing business trusts requires that the record be filed with the state; or

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

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

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

(71) "Registered organization" means an organization formed or organized solely under
the law of a single State or the United States by the filing of a public organic record with, the
issuance of a public organic record by, or the enactment of legislation by the state or United States.
The term includes a business trust that is formed or organized under the law of a single state if a
statute of the state governing business trusts requires that the business trust's organic record be filed
with the state.

(72) "Secondary obligor" means an obligor to the extent that:
(i) The obligor's obligation is secondary; or
(ii) The obligor has a right of recourse with respect to an obligation secured by collateral
against the debtor, another obligor, or property of either.

(73) "Secured party" means:
(i) A person in whose favor a security interest is created or provided for under a security
agreement, whether or not any obligation to be secured is outstanding;
(ii) A person that holds an agricultural lien;
(iii) A consignor;
(iv) A person to which accounts, chattel paper, payment intangibles, or promissory notes
have been sold;
(v) A trustee, indenture trustee, agent, collateral agent, or other representative in whose
favor a security interest or agricultural lien is created or provided for; or
(vi) A person that holds a security interest arising under § 6A-2-401, 6A-2-505, 6A-2-

(74) "Security agreement" means an agreement that creates or provides for a security
interest.

(75) "Send", in connection with a record or notification, means:
(i) To deposit in the mail, deliver for transmission, or transmit by any other usual means of
communication, with postage or cost of transmission provided for, addressed to any address
reasonable under the circumstances; or
(ii) To cause the record or notification to be received within the time that it would have
been received if properly sent under subparagraph (i).
(76) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

(77) "State" means a State of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

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

(79) "Tangible chattel paper" means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

(80) "Termination statement" means an amendment of a financing statement which:

(i) Identifies, by its file number, the initial financing statement to which it relates; and

(ii) Indicates either that it is a termination statement or that the identified financing statement is no longer effective.

(81) "Transmitting utility" means a person primarily engaged in the business of:

(i) Operating a railroad, subway, street railway, or trolley bus;
(ii) Transmitting communications electrically, electromagnetically, or by light;
(iii) Transmitting goods by pipeline or sewer; or
(iv) Transmitting or producing and transmitting electricity, steam, gas, or water.

(b) Definitions in other chapters. "Control" as provided in § 6A-106 and the following definitions in other chapters apply to this chapter:

"Beneficiary" § 6A-5-102.
"Broker" § 6A-8-102.
"Certificated security" § 6A-8-102.
"Check" § 6A-3-104.
"Clearing corporation" § 6A-8-102.
"Contract for sale" § 6A-2-106.
"Customer" § 6A-4-104.
"Entitlement holder" § 6A-8-102.
"Financial asset" § 6A-8-102.
"Holder in due course" § 6A-3-302.
"Issuer" (with respect to a letter of credit or letter-of-credit right) § 6A-5-102.
"Issuer" (with respect to a security) § 6A-8-201.
"Issuer" (with respect to documents of title) § 6A-7-102.
"Lease" § 6A-2.1-103.
"Lease agreement" § 6A-2.1-103.
"Lease contract" § 6A-2.1-103.
"Leasehold interest" § 6A-2.1-103.
"Lessee" § 6A-2.1-103.
"Lessee in ordinary course of business" § 6A-2.1-103.
"Lessor" § 6A-2.1-103.
"Lessor's residual interest" § 6A-2.1-103.
"Merchant" § 6A-2-104.
"Negotiable instrument" § 6A-3-104.
"Nominated person" § 6A-5-102.
"Note" § 6A-3-104.
"Prove" § 6A-3-103.
"Sale" § 6A-2-106.
"Securities account" § 6A-8-501.
"Securities intermediary" § 6A-8-102.
"Uncertificated security" § 6A-8-102.

(c) Chapter 1 definitions and principles. Chapter 1 of this title contains general definitions and principles of construction and interpretation applicable throughout this chapter.

SECTION 4. This act shall take effect upon passage.

========
LC001367
========
EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
AN ACT
RELATING TO UNIFORM COMMERCIAL CODE -- GENERAL PROVISIONS

***

1 This act would clarify uniform commercial code provisions to specify that the provisions
2 apply to electronic transactions.
3 This act would take effect upon passage.