

**EHB 2035**

**THE STATE SENATE**  
**Monday, April 11, 2005**

**ENGROSSED**

**House Bill No. 2035**

ENGROSSED HOUSE BILL NO. 2035 - By: MORGAN (Fred) of the House and  
LASTER of the Senate.

An Act relating to the Uniform Commercial Code; amending 12A  
O.S. 2001, Sections 7-102, 7-103, 7-104, 7-201, 7-202, 7-  
203, 7-204, 7-205, 7-206, 7-207, 7-208, 7-209, 7-210, 7-301,  
7-302, 7-303, 7-304, 7-305, 7-307, 7-308, 7-309, 7-401, 7-  
402, 7-403, 7-404, 7-501, 7-502, 7-503, 7-504, 7-505, 7-506,  
7-507, 7-508, 7-509, 7-601, 7-602 and 7-603, which relate to  
Article 7 of the Uniform Commercial Code - Documents of  
Title; modifying definitions; clarifying relationship of  
Article 7 to other statutes; modifying circumstances in  
which a document of title is negotiable or nonnegotiable;  
providing for reissuance of document of title in alternative  
medium; providing for control of electronic document of  
title; clarifying persons that may issue a warehouse  
receipt; modifying form of warehouse receipt; providing  
effect of omission; clarifying liability for nonreceipt or  
misdescription; clarifying duty of care and contractual  
limitation of warehouse liability; clarifying situations in  
which title under warehouse receipt is defeated; clarifying  
circumstances for termination of storage at option of the  
warehouse; clarifying separation of goods and commingling of  
fungible goods; modifying scope of enforceability of altered  
warehouse receipts; expanding scope of warehouse lien;  
modifying enforcement of warehouse lien; clarifying  
liability for nonreceipt or misdescription and use of  
certain phrases; clarifying liability pursuant to through  
bills of lading and similar documents of title; modifying  
circumstances under which a carrier may deliver pursuant to  
change of instructions; modifying requirements for bills of  
lading in a set; clarifying procedure for destination bills;  
modifying scope of carrier's lien; clarifying procedure for  
enforcement of carrier's lien; clarifying statutory,  
regulatory and contractual limitations on duty of care and  
damages; clarifying obligations of issuer of document of  
title; clarifying use of duplicate receipts and liability  
for overissue; modifying procedures and requirements

1 relating to obligation of bailee; clarifying immunity from  
2 liability for good-faith delivery; modifying rules  
3 applicable to negotiable tangible documents of title;  
4 providing rules applicable to negotiable electronic  
5 documents of title; clarifying rights acquired by due  
6 negotiation; clarifying cases in which document of title is  
7 defeated; expanding situations in which rights of a  
8 transferee may be defeated; clarifying provisions that apply  
9 only to tangible documents of title; clarifying scope of  
10 warranties; expanding situations covered by the Uniform  
11 Commercial Code regarding adequate compliance with  
12 commercial contracts; modifying procedure regarding lost,  
13 stolen or destroyed documents of title; modifying  
14 requirements for judicial process against certain goods;  
15 clarifying actions for interpleader; amending 12A O.S. 2001,  
16 Sections 2-103, 2-104, 2-310, 2-323, 2-401, 2-503, 2-505, 2-  
17 506, 2-509, 2-605, 2-705, 2A-103, 2A-514, 2A-526, 4-104, 4-  
18 210, 8-103, 1-9-102, as amended by Section 1, Chapter 153,  
19 O.S.L. 2004, 1-9-203, 1-9-207, 1-9-208, 1-9-301, 1-9-310, 1-  
20 9-312, 1-9-313, 1-9-314, 1-9-317, 1-9-338 and 1-9-601 (12A  
21 O.S. Supp. 2004, Section 1-9-102), which relate to other  
22 articles of the Uniform Commercial Code; modifying  
23 definitions, terms, and references to conform with Article 7  
24 of the Uniform Commercial Code; repealing 12A O.S. 2001,  
25 Section 7-105, which relates to construction against  
26 negative implication; repealing 12A O.S. 2001, Section 10-  
27 104, which relates to laws not repealed; providing for  
28 codification; and providing an effective date.

29 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

30 SECTION 1. AMENDATORY 12A O.S. 2001, Section 7-102, is  
31 amended to read as follows:

32 Section 7-102. Definitions and Index of Definitions.

33 ~~(1)~~ (a) In this article, unless the context otherwise requires

34 ~~(a)~~ (1) "Bailee" means ~~the~~ a person ~~who~~ that by a warehouse  
35 receipt, bill of lading or other document of title acknowledges  
36 possession of goods and contracts to deliver them.

37 ~~(b)~~ (2) "Carrier" means a person that issues a bill of lading.

1        (3) "Consignee" means ~~the~~ a person named in a bill of lading to  
2 ~~whom~~ which or to whose order the bill promises delivery.

3        ~~(e)~~ (4) "Consignor" means the person named in a bill of lading  
4 as the person from whom the goods have been received for shipment.

5        ~~(d)~~ (5) "Delivery order" means a ~~written~~ record that contains  
6 an order to deliver goods directed to a warehouseman warehouse,  
7 carrier, or other person ~~who~~ that in the ordinary course of business  
8 issues warehouse receipts or bills of lading.

9        ~~(e)~~ "Document" means ~~document of title as defined in the~~  
10 ~~general definitions in Article 1 (Section 1-201).~~

11        ~~(f)~~ (6) "Good faith" means honesty in fact and the observance  
12 of reasonable commercial standards of fair dealing.

13        (7) "Goods" means all things ~~which~~ that are treated as movable  
14 for the purposes of a contract of storage or transportation.

15        ~~(g)~~ (8) "Issuer" means a bailee ~~who~~ that issues a document  
16 ~~except that in relation to~~ of title or, in the case of an unaccepted  
17 delivery order ~~it means,~~ the person ~~who~~ that orders the possessor of  
18 goods to deliver. ~~Issuer~~ The term includes ~~any~~ a person for ~~whom~~  
19 which an agent or employee purports to act in issuing a document if  
20 the agent or employee has real or apparent authority to issue  
21 documents, ~~notwithstanding that~~ even if the issuer ~~received no~~ did  
22 not receive any goods ~~or that,~~ the goods were misdescribed, or that

1 in any other respect the agent or employee violated ~~his~~ the issuer's  
2 instructions.

3 ~~(h) "Warehouseman" is~~ (9) "Person entitled under the document"  
4 means the holder, in the case of a negotiable document of title, or  
5 the person to which delivery of the goods is to be made by the terms  
6 of, or pursuant to instructions in a record under, a nonnegotiable  
7 document of title.

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

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

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

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

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

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

20 ~~(2) Other definitions applying to this article or to specified~~  
21 ~~parts thereof, and the sections in which they appear are:~~

22 "Duly negotiate".—Section 7-501.

23 "Person entitled under the document".—Section 7-403(4).

1       ~~(3)~~ (b) Definitions in other articles applying to this article  
2 and the sections in which they appear are:

3       (1) "Contract for sale"~~,~~ Section 2-106.

4       "Overseas"~~. Section 2-323.~~

5       (2) "Lessee in the ordinary course of business", Section 2A-  
6 103.

7       (3) "Receipt" of goods~~,~~ Section 2-103.

8       ~~(4)~~ (c) In addition Article 1 contains general definitions and  
9 principles of construction and interpretation applicable throughout  
10 this article.

11       SECTION 2.        AMENDATORY        12A O.S. 2001, Section 7-103, is  
12 amended to read as follows:

13       Section 7-103. Relation of Article to Treaty~~,~~ or Statute~~,~~  
14 ~~Tariff, Classification or Regulation.~~

15       ~~To the extent that~~ (a) This article is subject to any treaty or  
16 statute of the United States, ~~or~~ regulatory statute of this state or  
17 ~~tariff, classification or regulation filed or issued pursuant~~  
18 ~~thereto~~ to the extent the treaty, statute, or regulatory statute is  
19 applicable, ~~the provisions of this article are subject thereto.~~

20       (b) This article does not modify or repeal any law prescribing  
21 the form or content of a document of title or the services or  
22 facilities to be afforded by a bailee, or otherwise regulating a  
23 bailee's business in respects not specifically treated in this

1 article. However, violation of such a law does not affect the  
2 status of a document of title that otherwise is within the  
3 definition of a document of title.

4 (c) This article modifies, limits, and supersedes the federal  
5 Electronic Signatures in Global and National Commerce Act (15  
6 U.S.C., Section 7001 et seq.) but does not modify, limit, or  
7 supersede Section 101(c) of that act (15 U.S.C., Section 7001(c)) or  
8 authorize electronic delivery of the notices described in Section  
9 103(b).

10 (d) To the extent there is a conflict between any law governing  
11 electronic transactions and this article, this article governs.

12 SECTION 3. AMENDATORY 12A O.S. 2001, Section 7-104, is  
13 amended to read as follows:

14 Section 7-104. Negotiable and Nonnegotiable ~~Warehouse Receipt,~~  
15 ~~Bill of Lading or Other~~ Document of Title.

16 ~~(1) A warehouse receipt, bill of lading or other~~ (a) Except as  
17 otherwise provided in subsection (c) of this section, a document of  
18 title is negotiable

19 ~~(a)~~ if by its terms the goods are to be delivered to bearer or  
20 to the order of a named person; ~~or.~~

21 ~~(b) where recognized in overseas trade, if it runs to a named~~  
22 ~~person or assigns.~~

1       ~~(2) Any other~~ A document of title other than one described in  
2 subsection (a) of this section is nonnegotiable. A bill of lading  
3 ~~in which it is stated~~ that states that the goods are consigned to a  
4 named person is not made negotiable by a provision that the goods  
5 are to be delivered only against ~~a written~~ an order in a record  
6 signed by the same or another named person.

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

10       SECTION 4.       NEW LAW       A new section of law to be codified  
11 in the Oklahoma Statutes as Section 7-105.1 of Title 12A, unless  
12 there is created a duplication in numbering, reads as follows:

13       Reissuance in Alternative Medium.

14       (a) Upon request of a person entitled under an electronic  
15 document of title, the issuer of the electronic document may issue a  
16 tangible document of title as a substitute for the electronic  
17 document if:

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

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

1 (b) Upon issuance of a tangible document of title in  
2 substitution for an electronic document of title in accordance with  
3 subsection (a) of this section:

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

6 (2) the person that procured issuance of the tangible document  
7 warrants to all subsequent persons entitled under the tangible  
8 document that the warrantor was a person entitled under the  
9 electronic document when the warrantor surrendered control of the  
10 electronic document to the issuer.

11 (c) Upon request of a person entitled under a tangible document  
12 of title, the issuer of the tangible document may issue an  
13 electronic document of title as a substitute for the tangible  
14 document if:

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

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

19 (d) Upon issuance of an electronic document of title in  
20 substitution for a tangible document of title in accordance with  
21 subsection (c) of this section:

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

1 (2) the person that procured issuance of the electronic  
2 document warrants to all subsequent persons entitled under the  
3 electronic document that the warrantor was a person entitled under  
4 the tangible document when the warrantor surrendered possession of  
5 the tangible document to the issuer.

6 SECTION 5. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 7-106 of Title 12A, unless there  
8 is created a duplication in numbering, reads as follows:

9 Control of Electronic Document of Title.

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

14 (b) A system satisfies subsection (a) of this section, and a  
15 person is deemed to have control of an electronic document of title,  
16 if the document is created, stored, and assigned in such a manner  
17 that:

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

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

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

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

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

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

9 (5) each copy of the authoritative copy and any copy of a copy  
10 is readily identifiable as a copy that is not the authoritative  
11 copy; and

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

14 SECTION 6. AMENDATORY 12A O.S. 2001, Section 7-201, is  
15 amended to read as follows:

16 Section 7-201. ~~Who~~ Persons That May Issue a Warehouse Receipt;  
17 Storage Under ~~Government~~ Bond.

18 ~~(1)~~ (a) A warehouse receipt may be issued by any ~~warehouseman~~  
19 warehouse.

20 ~~(2)~~ ~~Where~~ (b) If goods, including distilled spirits and  
21 agricultural commodities, are stored under a statute requiring a  
22 bond against withdrawal or a license for the issuance of receipts in  
23 the nature of warehouse receipts, a receipt issued for the goods has

1 ~~like effect as~~ is deemed to be a warehouse receipt even ~~though if~~  
2 issued by a person who is the owner of the goods and is not a  
3 ~~warehouseman~~ warehouse.

4 SECTION 7. AMENDATORY 12A O.S. 2001, Section 7-202, is  
5 amended to read as follows:

6 Section 7-202. Form of Warehouse Receipt; ~~Essential Terms;~~  
7 ~~Optional Terms~~ Effect of Omission.

8 ~~(1)~~ (a) A warehouse receipt need not be in any particular form.

9 ~~(2)~~ (b) Unless a warehouse receipt ~~embodies within its written~~  
10 ~~or printed terms~~ provides for each of the following, the  
11 ~~warehouseman~~ warehouse is liable for damages caused to a person  
12 injured by the omission ~~to a person injured thereby~~:

13 ~~(a)~~ (1) a statement of the location of the warehouse where the  
14 goods are stored;

15 ~~(b)~~ (2) the date of issue of the receipt;

16 ~~(c) the consecutive number~~ (3) the unique identification code  
17 of the receipt;

18 ~~(d)~~ (4) a statement whether the goods received will be  
19 delivered to the bearer, to a ~~specified~~ named person, or to a  
20 ~~specified~~ named person or ~~his~~ its order;

21 ~~(e)~~ (5) the rate of storage and handling charges, ~~except that~~  
22 ~~where~~ unless goods are stored under a field warehousing arrangement,

1 in which case a statement of that fact is sufficient on a  
2 nonnegotiable receipt;

3 ~~(f)~~ (6) a description of the goods or of the packages  
4 containing them;

5 ~~(g)~~ (7) the signature of the ~~warehouseman, which may be made by~~  
6 ~~his authorized~~ warehouse or its agent;

7 ~~(h)~~ (8) if the receipt is issued for goods ~~of which the~~  
8 ~~warehouseman is owner~~ that the warehouse owns, either solely ~~or,~~  
9 jointly, or in common with others, a statement of the fact of such  
10 that ownership; and

11 ~~(i)~~ (9) a statement of the amount of advances made and of  
12 liabilities incurred for which the ~~warehouseman~~ warehouse claims a  
13 lien or security interest ~~(Section 7-209). If, unless~~ the precise  
14 amount of ~~such~~ advances made or ~~of such~~ liabilities incurred ~~is,~~ at  
15 the time of the issue of the receipt, is unknown to the ~~warehouseman~~  
16 warehouse or to ~~his~~ its agent ~~who issues it,~~ that issued the  
17 receipt, in which case a statement of the fact that advances have  
18 been made or liabilities incurred and the purpose ~~thereof~~ of the  
19 advances or liabilities is sufficient.

20 ~~(3)~~ (c) A ~~warehouseman~~ warehouse may insert in ~~his~~ its receipt  
21 any ~~other~~ terms ~~which~~ that are not contrary to the provisions of  
22 ~~this act~~ the Uniform Commercial Code and do not impair ~~his~~ its  
23 obligation of delivery ~~(under Section 7-403)~~ of this title or ~~his~~

1 its duty of care ~~(under Section 7-204)~~ of this title. Any contrary  
2 provisions ~~shall be~~ are ineffective.

3 SECTION 8. AMENDATORY 12A O.S. 2001, Section 7-203, is  
4 amended to read as follows:

5 Section 7-203. Liability for Nonreceipt or Misdescription.

6 A party to or purchaser for value in good faith of a document of  
7 title, other than a bill of lading ~~relying in either case,~~ that  
8 relies upon the description ~~therein~~ of the goods in the document may  
9 recover from the issuer damages caused by the nonreceipt or  
10 misdescription of the goods, except to the extent that:

11 (1) the document conspicuously indicates that the issuer does  
12 not know whether ~~any part or~~ all or part of the goods in fact were  
13 received or conform to the description, such as ~~where~~ a case in  
14 which the description is in terms of marks or labels or kind,  
15 quantity, or condition, or the receipt or description is qualified  
16 by "contents, condition, and quality unknown", "said to contain" or  
17 ~~the like~~ words of similar import, if such indication ~~be~~ is true, or;

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

20 SECTION 9. AMENDATORY 12A O.S. 2001, Section 7-204, is  
21 amended to read as follows:

22 Section 7-204. Duty of Care; Contractual Limitation of  
23 ~~Warehouseman's~~ Warehouse's Liability.

1       ~~(1)~~ (a) A ~~warehouseman~~ warehouse is liable for damages for loss  
2 of or injury to the goods caused by ~~his~~ its failure to exercise ~~such~~  
3 care ~~in~~ with regard to ~~them~~ the goods as a reasonably careful ~~man~~  
4 person would exercise under like similar circumstances ~~but unless.~~  
5 Unless otherwise agreed ~~he,~~ the warehouse is not liable for damages  
6 ~~which~~ that could not have been avoided by the exercise of ~~such~~ that  
7 care.

8       ~~(2)~~ (b) Damages may be limited by a term in the warehouse  
9 receipt or storage agreement limiting the amount of liability in  
10 case of loss or damage, ~~and setting forth a specific liability per~~  
11 ~~article or item, or value per unit of weight,~~ beyond which the  
12 ~~warehouseman~~ warehouse shall not be liable; ~~provided, however, that~~  
13 ~~such liability may be written.~~ Such a limitation is not effective  
14 with respect to the warehouse's liability for conversion to its own  
15 use. On request of the bailor in a record at the time of signing  
16 ~~such~~ the storage agreement or within a reasonable time after receipt  
17 of the warehouse receipt, the warehouse's liability may be increased  
18 on part or all of the goods ~~thereunder, in which~~ covered by the  
19 storage agreement or the warehouse receipt. In this event,  
20 increased rates may be charged based on ~~such~~ an increased valuation,  
21 ~~but that no such increase shall be permitted contrary to a lawful~~  
22 ~~limitation of liability contained in the warehouseman's tariff, if~~

1 ~~any. No such limitation is effective with respect to the~~  
2 ~~warehouseman's liability for conversion to his own use~~ of the goods.

3 ~~(3)~~ (c) Reasonable provisions as to the time and manner of  
4 presenting claims and ~~instituting~~ commencing actions based on the  
5 bailment may be included in the warehouse receipt or ~~tariff~~ storage  
6 agreement.

7 SECTION 10. AMENDATORY 12A O.S. 2001, Section 7-205, is  
8 amended to read as follows:

9 Section 7-205. Title Under Warehouse Receipt Defeated in  
10 Certain Cases.

11 A buyer in the ordinary course of business of fungible goods  
12 sold and delivered by a ~~warehouseman who~~ warehouse that is also in  
13 the business of buying and selling such goods takes the goods free  
14 of any claim under a warehouse receipt even ~~though it~~ if the receipt  
15 is negotiable and has been duly negotiated.

16 SECTION 11. AMENDATORY 12A O.S. 2001, Section 7-206, is  
17 amended to read as follows:

18 Section 7-206. Termination of Storage at ~~Warehouseman's~~  
19 Warehouse's Option.

20 ~~(1)~~ (a) A ~~warehouseman may on notifying~~ warehouse, by giving  
21 notice to the person on whose account the goods are held and any  
22 other person known to claim an interest in the goods, may require  
23 payment of any charges and removal of the goods from the warehouse

1 at the termination of the period of storage fixed by the document of  
2 title, or, if ~~no~~ a period is not fixed, within a stated period not  
3 less than thirty (30) days after the ~~notification~~ warehouse gives  
4 notice. If the goods are not removed before the date specified in  
5 the ~~notification~~ notice, the ~~warehouseman~~ warehouse may sell them ~~in~~  
6 ~~accordance with the provisions of the section on enforcement of a~~  
7 ~~warehouseman's lien~~ ~~(pursuant to Section 7-210)~~ of this title.

8 ~~(2)~~ (b) If a ~~warehouseman~~ warehouse in good faith believes that  
9 ~~the~~ goods are about to deteriorate or decline in value to less than  
10 the amount of ~~his~~ its lien within the time ~~prescribed~~ provided in  
11 subsection ~~(1)~~ for notification, advertisement and sale, the  
12 ~~warehouseman~~ (a) of this section and Section 7-210 of this title,  
13 the warehouse may specify in the ~~notification~~ notice given under  
14 subsection (a) of this section any reasonable shorter time for  
15 removal of the goods and ~~in case, if~~ the goods are not removed, may  
16 sell them at public sale held not less than one (1) week after a  
17 single advertisement or posting.

18 ~~(3)~~ (c) If, as a result of a quality or condition of the goods  
19 of which the ~~warehouseman had no~~ warehouse did not have notice at  
20 the time of deposit, the goods are a hazard to other property ~~or to,~~  
21 the warehouse facilities, or ~~to~~ other persons, the ~~warehouseman~~  
22 warehouse may sell the goods at public or private sale without  
23 advertisement or posting on reasonable notification to all persons

1 known to claim an interest in the goods. If the ~~warehouseman~~  
2 warehouse, after a reasonable effort, is unable to sell the goods  
3 ~~he,~~ it may dispose of them in any lawful manner and ~~shall~~ does not  
4 incur ~~no~~ liability by reason of ~~such~~ that disposition.

5 ~~(4) The warehouseman must~~ (d) A warehouse shall deliver the  
6 goods to any person entitled to them under this article upon due  
7 demand made at any time ~~prior to~~ before sale or other disposition  
8 under this section.

9 ~~(5) The warehouseman~~ (e) A warehouse may satisfy ~~his~~ its lien  
10 from the proceeds of any sale or disposition under this section but  
11 ~~must~~ shall hold the balance for delivery on the demand of any person  
12 to ~~whom he~~ which the warehouse would have been bound to deliver the  
13 goods.

14 SECTION 12. AMENDATORY 12A O.S. 2001, Section 7-207, is  
15 amended to read as follows:

16 Section 7-207. Goods Must be Kept Separate; Fungible Goods.

17 ~~(1) (a)~~ (a) Unless the warehouse receipt otherwise provides, a  
18 ~~warehouseman must~~ warehouse shall keep separate the goods covered by  
19 each receipt so as to permit at all times identification and  
20 delivery of those goods ~~except that.~~ However, different lots of  
21 fungible goods may be commingled.

22 ~~(2) Fungible~~ (b) If different lots of fungible goods ~~so~~ are  
23 commingled, the goods are owned in common by the persons entitled

1 thereto and the ~~warehouseman~~ warehouse is severally liable to each  
2 owner for that owner's share. ~~Where~~ If, because of overissue, a  
3 mass of fungible goods is insufficient to meet all the receipts  
4 which the ~~warehouseman~~ warehouse has issued against it, the persons  
5 entitled include all holders to ~~whom~~ which overissued receipts have  
6 been duly negotiated.

7 SECTION 13. AMENDATORY 12A O.S. 2001, Section 7-208, is  
8 amended to read as follows:

9 Section 7-208. Altered Warehouse Receipts.  
10 ~~Where~~ If a blank in a negotiable tangible warehouse receipt has  
11 been filled in without authority, a good-faith purchaser for value  
12 and without notice of the ~~want~~ lack of authority may treat the  
13 insertion as authorized. Any other unauthorized alteration leaves  
14 any tangible or electronic warehouse receipt enforceable against the  
15 issuer according to its original tenor.

16 SECTION 14. AMENDATORY 12A O.S. 2001, Section 7-209, is  
17 amended to read as follows:

18 Section 7-209. Lien of ~~Warehouseman~~ Warehouse.  
19 ~~(1)~~ (a) A ~~warehouseman~~ warehouse has a lien against the bailor  
20 on the goods covered by a warehouse receipt or storage agreement or  
21 on the proceeds thereof in ~~his~~ its possession for charges for  
22 storage or transportation ~~(,~~ including demurrage and terminal  
23 charges~~),~~ insurance, labor, or other charges, present or future, in

1 relation to the goods, and for expenses necessary for preservation  
2 of the goods or reasonably incurred in their sale pursuant to law.  
3 If the person on whose account the goods are held is liable for ~~like~~  
4 similar charges or expenses in relation to other goods whenever  
5 deposited and it is stated in the warehouse receipt or storage  
6 agreement that a lien is claimed for charges and expenses in  
7 relation to other goods, the ~~warehouseman~~ warehouse also has a lien  
8 against ~~him for such~~ the goods covered by the warehouse receipt or  
9 storage agreement or on the proceeds thereof in its possession for  
10 those charges and expenses, whether or not the goods have been  
11 delivered by the ~~warehouseman~~ warehouse. ~~But~~ However, as against a  
12 person to ~~whom~~ which a negotiable warehouse receipt is duly  
13 negotiated, a ~~warehouseman's~~ warehouse's lien is limited to charges  
14 in an amount or at a rate specified ~~on~~ in the warehouse receipt or,  
15 if no charges are so specified ~~then,~~ to a reasonable charge for  
16 storage of the specific goods covered by the receipt subsequent to  
17 the date of the receipt.

18 ~~(2) The warehouseman~~ (b) A warehouse may also reserve a  
19 security interest against the bailor for a the maximum amount  
20 specified on the receipt for charges other than those specified in  
21 subsection ~~(1)~~ (a) of this section, such as for money advanced and  
22 interest. ~~Such a~~ The security interest is governed by ~~the article~~  
23 ~~on Secured Transactions~~ (Article 9).

1       ~~(3)~~ ~~(a)~~ (c) A ~~warehouseman's~~ warehouse's lien for charges and  
2 expenses under subsection ~~(1)~~ (a) of this section or a security  
3 interest under subsection ~~(2)~~ (b) of this section is also effective  
4 against any person ~~who~~ that so entrusted the bailor with possession  
5 of the goods that a pledge of them by ~~him~~ the bailor to a good faith  
6 purchaser for value would have been valid ~~but~~. However, the lien or  
7 security interest is not effective against a person ~~as to whom the~~  
8 that before issuance of a document confers no right in the goods  
9 covered by it under Section 7-503:

10       (1) delivers or entrusts the goods or any document of title  
11 covering the goods to the bailor or the bailor's nominee with:

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

13           (B) power to obtain delivery under Section 7-403 of this  
14 title; or

15           (C) power of disposition under Sections 2-403, 2A-304(2),  
16 2A-305(2), 1-9-320, or 1-9-321(c) of the Uniform  
17 Commercial Code or other statute or rule of law; or

18       (2) acquiesces in the procurement by the bailor or its nominee  
19 of any document.

20       ~~(b)~~ (d) A ~~warehouseman's~~ warehouse's lien on household goods  
21 for charges and expenses in relation to the goods under subsection  
22 ~~(1)~~ (a) of this section is also effective against all persons if the  
23 depositor was the legal possessor of the goods at the time of

1 deposit. ~~"Household~~ In this subsection, "household goods" means  
2 furniture, furnishings ~~and,~~ or personal effects used by the  
3 depositor in a dwelling.

4 ~~(4)~~ (e) A ~~warehouseman~~ warehouse loses ~~his~~ its lien on any  
5 goods ~~which he~~ that it voluntarily delivers or ~~which he~~  
6 unjustifiably refuses to deliver.

7 SECTION 15. AMENDATORY 12A O.S. 2001, Section 7-210, is  
8 amended to read as follows:

9 Section 7-210. Enforcement of Warehouseman's Lien.

10 ~~(1)~~ (a) Except as provided in subsection ~~(2)~~ (b) of this  
11 section, a ~~warehouseman's~~ warehouse's lien may be enforced by public  
12 or private sale of the goods ~~in bloc or in parcels,~~ in bulk or in  
13 packages, at any time or place and on any terms ~~which~~ that are  
14 commercially reasonable, after notifying all persons known to claim  
15 an interest in the goods. ~~Such~~ The notification must include a  
16 statement of the amount due, the nature of the proposed sale, and  
17 the time and place of any public sale. The fact that a better price  
18 could have been obtained by a sale at a different time or in a  
19 method different ~~method~~ from that selected by the ~~warehouseman~~  
20 warehouse is not of itself sufficient to establish that the sale was  
21 not made in a commercially reasonable manner. ~~If the warehouseman~~  
22 ~~either~~ The warehouse sells in a commercially reasonable manner if  
23 the warehouse sells the goods in the usual manner in any recognized

1 market therefor, ~~or if he~~ sells at the price current in ~~such~~ that  
2 market at the time of ~~his~~ the sale, or ~~if he has otherwise sold~~  
3 otherwise sells in conformity with commercially reasonable practices  
4 among dealers in the type of goods sold, ~~he has sold in a~~  
5 ~~commercially reasonable manner~~. A sale of more goods than  
6 apparently necessary to be offered to ~~insure~~ ensure satisfaction of  
7 the obligation is not commercially reasonable except in cases  
8 covered by the preceding sentence.

9 ~~(2)~~ (b) A ~~warehouseman's~~ warehouse may enforce its lien on  
10 goods other than goods stored by a merchant in the course of ~~his~~ its  
11 business ~~may be enforced only as follows,~~ only if the following  
12 requirements are satisfied:

13 ~~(a)~~ (1) All persons known to claim an interest in the goods  
14 must be notified.

15 ~~(b)~~ ~~The notification must be delivered in person or sent by~~  
16 ~~registered letter to the last-known address of any person to be~~  
17 ~~notified.~~

18 ~~(c)~~ (2) The notification must include an itemized statement of  
19 the claim, a description of the goods subject to the lien, a demand  
20 for payment within a specified time not less than ten (10) days  
21 after receipt of the notification, and a conspicuous statement that  
22 unless the claim is paid within that time the goods will be

1 advertised for sale and sold by auction at a specified time and  
2 place.

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

4 ~~(e)~~ (4) The sale must be held at the nearest suitable place to  
5 that where the goods are held or stored.

6 ~~(f)~~ (5) After the expiration of the time given in the  
7 notification, an advertisement of the sale must be published once a  
8 week for two (2) weeks consecutively in a newspaper of general  
9 circulation where the sale is to be held. The advertisement must  
10 include a description of the goods, the name of the person on whose  
11 account they are being held, and the time and place of the sale.  
12 The sale must take place at least fifteen (15) days after the first  
13 publication. If there is no newspaper of general circulation where  
14 the sale is to be held, the advertisement must be posted at least  
15 ten (10) days before the sale in not ~~less~~ fewer than six conspicuous  
16 places in the neighborhood of the proposed sale.

17 ~~(3)~~ (c) Before any sale pursuant to this section, any person  
18 claiming a right in the goods may pay the amount necessary to  
19 satisfy the lien and the reasonable expenses incurred ~~under~~ in  
20 complying with this section. In that event, the goods ~~must~~ may not  
21 be sold, ~~but~~ must be retained by the ~~warehouseman~~ warehouse subject  
22 to the terms of the receipt and this article.

1       ~~(4) The warehouseman~~ (d) A warehouse may buy at any public sale  
2 pursuant to this section.

3       ~~(5) (e)~~ A purchaser in good faith of goods sold to enforce a  
4 ~~warehouseman's~~ warehouse's lien takes the goods free of any rights  
5 of persons against ~~whom~~ which the lien was valid, despite the  
6 warehouse's noncompliance ~~by the warehouseman~~ with ~~the requirements~~  
7 ~~of~~ this section.

8       ~~(6) The warehouseman~~ (f) A warehouse may satisfy ~~his~~ its lien  
9 from the proceeds of any sale pursuant to this section but ~~must~~  
10 shall hold the balance, if any, for delivery on demand to any person  
11 to ~~whom he~~ which the warehouse would have been bound to deliver the  
12 goods.

13       ~~(7) (g)~~ The rights provided by this section ~~shall be~~ are in  
14 addition to all other rights allowed by law to a creditor against  
15 ~~his~~ a debtor.

16       ~~(8) Where~~ (h) If a lien is on goods stored by a merchant in the  
17 course of ~~his~~ its business the lien may be enforced in accordance  
18 with ~~either~~ subsection ~~(1)~~ (a) or ~~(2)~~ (b) of this section.

19       ~~(9) The warehouseman~~ (i) A warehouse is liable for damages  
20 caused by failure to comply with the requirements for sale under  
21 this section and, in case of willful violation, is liable for  
22 conversion.

1 SECTION 16. AMENDATORY 12A O.S. 2001, Section 7-301, is  
2 amended to read as follows:

3 Section 7-301. Liability for Nonreceipt or Misdescription;  
4 "Said to Contain"; "Shipper's Load and Count"; Improper Handling.

5 ~~(1)~~ (a) A consignee of a nonnegotiable bill ~~who~~ of lading which  
6 has given value in good faith, or a holder to ~~whom~~ which a  
7 negotiable bill has been duly negotiated, relying in either case  
8 upon the description ~~therein~~ of the goods, in the bill or upon the  
9 date ~~therein~~ shown in the bill, may recover from the issuer damages  
10 caused by the misdating of the bill or the nonreceipt or  
11 misdescription of the goods, except to the extent that the ~~document~~  
12 bill indicates that the issuer does not know whether any part or all  
13 of the goods in fact were received or conform to the description, ~~as~~  
14 ~~where~~ such as in a case in which the description is in terms of  
15 marks or labels or kind, quantity, or condition or the receipt or  
16 description is qualified by "contents or condition of contents of  
17 packages unknown", "said to contain", "shipper's weight, load and  
18 count" or ~~the like~~ words of similar import, if such indication ~~be~~ is  
19 true.

20 ~~(2)~~ ~~When~~ (b) If goods are loaded by an issuer ~~who is a common~~  
21 ~~carrier,~~ of a bill of lading:

1        (1) the issuer ~~must~~ shall count the packages of goods if  
2 ~~package freight shipped in packages~~ and ascertain the kind and  
3 quantity if shipped in bulk freight. ~~In such cases;~~ and

4        (2) words such as "shipper's weight, load and count" or ~~other~~  
5 words of similar import indicating that the description was made by  
6 the shipper are ineffective except as to ~~freight~~ goods concealed by  
7 packages.

8        ~~(3) When~~ (c) If bulk ~~freight is~~ goods are loaded by a shipper  
9 ~~who~~ that makes available to the issuer of a bill of lading adequate  
10 facilities for weighing ~~such freight~~ those goods, ~~an~~ the issuer ~~who~~  
11 ~~is a common carrier must~~ shall ascertain the kind and quantity  
12 within a reasonable time after receiving the ~~written~~ shipper's  
13 request ~~of the shipper~~ in a record to do so. In ~~such cases~~ that  
14 case, "shipper's weight" or ~~other~~ words of ~~like purport~~ similar  
15 import are ineffective.

16        ~~(4)~~ (d) The issuer ~~may by inserting~~ of a bill of lading, by  
17 including in the bill the words "shipper's weight, load and count"  
18 or ~~other~~ words of ~~like purport~~ similar import may indicate that the  
19 goods were loaded by the shipper~~,~~ and, if ~~such~~ that statement ~~be is~~  
20 true~~,~~ the issuer shall not be liable for damages caused by the  
21 improper loading. ~~But their~~ However, omission of such words does  
22 not imply liability for such damages caused by improper loading.

1       ~~(5) The~~ (e) A shipper ~~shall be deemed to have guaranteed~~  
2 guarantees to ~~the~~ an issuer the accuracy at the time of shipment of  
3 the description, marks, labels, number, kind, quantity, condition  
4 and weight, as furnished by ~~him,~~ the shipper, and the shipper shall  
5 indemnify the issuer against damage caused by inaccuracies in ~~such~~  
6 those particulars. ~~The~~ This right of ~~the issuer to such~~ indemnity  
7 ~~shall in no way~~ does not limit ~~his~~ the issuer's responsibility and  
8 liability under the contract of carriage to any person other than  
9 the shipper.

10       SECTION 17.       AMENDATORY       12A O.S. 2001, Section 7-302, is  
11 amended to read as follows:

12       Section 7-302. Through Bills of Lading and Similar Documents of  
13 Title.

14       ~~(1)~~ (a) The issuer of a through bill of lading, or other  
15 document embodying an undertaking to be performed in part by ~~persons~~  
16 a person acting as its ~~agents~~ agent or by ~~connecting carriers~~ a  
17 performing carrier, is liable to ~~anyone~~ any person entitled to  
18 recover on the bill or other document for any breach by ~~such~~ the  
19 other ~~persons~~ person or ~~by a connecting~~ the performing carrier of  
20 its obligation under the bill or document ~~but.~~ However, to the  
21 extent that the bill or other document covers an undertaking to be  
22 performed overseas or in territory not contiguous to the continental  
23 United States or an undertaking including matters other than

1 transportation, this liability for breach by the other person or the  
2 performing carrier may be varied by agreement of the parties.

3 ~~(2) Where~~ (b) If goods covered by a through bill of lading or  
4 other document of title embodying an undertaking to be performed in  
5 part by ~~persons~~ a person other than the issuer are received by ~~any~~  
6 ~~such~~ that person, ~~he~~ the person is subject, with respect to his its  
7 own performance while the goods are in ~~his~~ its possession, to the  
8 obligation of the issuer. ~~His~~ The person's obligation is discharged  
9 by delivery of the goods to another ~~such~~ person pursuant to the bill  
10 or document, and does not include liability for breach by any other  
11 ~~such persons~~ person or by the issuer.

12 ~~(3)~~ (c) The issuer of ~~such~~ a through bill of lading or other  
13 document ~~shall be~~ of title described in subsection (a) of this  
14 section is entitled to recover from the connecting carrier, or ~~such~~  
15 other person in possession of the goods when the breach of the  
16 obligation under the bill or other document occurred, :

17 (1) the amount it may be required to pay to ~~anyone~~ any person  
18 entitled to recover on the bill or other document ~~therefor~~ for the  
19 breach, as may be evidenced by any receipt, judgment, or transcript  
20 ~~thereof~~, of judgment; and

21 (2) the amount of any expense reasonably incurred by ~~it~~ the  
22 issuer in defending any action ~~brought by anyone~~ by any person

1 entitled to recover on the bill or other document ~~therefor~~ for the  
2 breach.

3 SECTION 18. AMENDATORY 12A O.S. 2001, Section 7-303, is  
4 amended to read as follows:

5 Section 7-303. Diversion; Reconsignment; Change of  
6 Instructions.

7 ~~(1)~~ (a) Unless the bill of lading otherwise provides, ~~the a~~  
8 carrier may deliver the goods to a person or destination other than  
9 that stated in the bill or may otherwise dispose of the goods,  
10 without liability for misdelivery, on instructions from:

11 ~~(a)~~ (1) the holder of a negotiable bill; ~~or~~

12 ~~(b)~~ (2) the consignor on a nonnegotiable bill ~~notwithstanding,~~  
13 even if the consignee has given contrary instructions ~~from the~~  
14 ~~consignee; or~~

15 ~~(c)~~ (3) the consignee on a nonnegotiable bill in the absence of  
16 contrary instructions from the consignor, if the goods have arrived  
17 at the billed destination or if the consignee is in possession of  
18 the tangible bill or in control of the electronic bill; or

19 ~~(d)~~ (4) the consignee on a nonnegotiable bill, ~~if he the~~  
20 consignee is entitled as against the consignor to dispose of ~~them~~  
21 the goods.

22 ~~(2)~~ (b) Unless ~~such~~ instructions described in subsection (a) of  
23 this section are ~~noted on~~ included in a negotiable bill of lading, a

1 person to ~~whom~~ which the bill is duly negotiated ~~can~~ may hold the  
2 bailee according to the original terms.

3 SECTION 19. AMENDATORY 12A O.S. 2001, Section 7-304, is  
4 amended to read as follows:

5 Section 7-304. Bills of Lading in a Set.

6 ~~(1)~~ (a) Except ~~where~~ as customary in ~~overseas~~ international  
7 transportation, a tangible bill of lading ~~must~~ may not be issued in  
8 a set of parts. The issuer is liable for damages caused by  
9 violation of this subsection.

10 ~~(2)~~ Where (b) If a tangible bill of lading is lawfully ~~drawn~~  
11 issued in a set of parts, each of which ~~is numbered~~ has an  
12 identification code and is expressed to be valid only if the goods  
13 have not been delivered against any other part, the whole of the  
14 parts ~~constitute~~ constitutes one bill.

15 ~~(3)~~ Where (c) If a tangible negotiable bill of lading is  
16 lawfully issued in a set of parts and different parts are negotiated  
17 to different persons, the title of the holder to ~~whom~~ which the  
18 first due negotiation is made prevails as to both the document of  
19 title and the goods even ~~though~~ if any later holder may have  
20 received the goods from the carrier in good faith and discharged the  
21 carrier's obligation by ~~surrender of his~~ surrendering its part.

1       ~~(4)~~ (d) A person ~~who~~ that negotiates or transfers a single  
2 part of a tangible bill of lading ~~drawn~~ issued in a set is liable to  
3 holders of that part as if it were the whole set.

4       ~~(5)~~ (e) The bailee ~~is obliged to~~ shall deliver in accordance  
5 with Part 4 of this article against the first presented part of a  
6 tangible bill of lading lawfully ~~drawn~~ issued in a set. ~~Such~~  
7 ~~delivery~~ Delivery in this manner discharges the bailee's obligation  
8 on the whole bill.

9       SECTION 20.       AMENDATORY       12A O.S. 2001, Section 7-305, is  
10 amended to read as follows:

11       Section 7-305.   Destination Bills.

12       ~~(1)~~ (a) Instead of issuing a bill of lading to the consignor at  
13 the place of shipment, a carrier may, at the request of the  
14 consignor, may procure the bill to be issued at destination or at  
15 any other place designated in the request.

16       ~~(2)~~ (b) Upon request of ~~anyone~~ a person entitled as against ~~the~~  
17 a carrier to control the goods while in transit and on surrender of  
18 possession or control of any outstanding bill of lading or other  
19 receipt covering ~~such~~ the goods, the issuer, subject to Section 7-  
20 105 of this title, may procure a substitute bill to be issued at any  
21 place designated in the request.

22       SECTION 21.       AMENDATORY       12A O.S. 2001, Section 7-307, is  
23 amended to read as follows:

1 Section 7-307. Lien of Carrier.

2 ~~(1)~~ (a) A carrier has a lien on the goods covered by a bill of  
3 lading or on the proceeds thereof in its possession for charges  
4 subsequent to the date of ~~its~~ the carrier's receipt of the goods for  
5 storage or transportation ~~(, including demurrage and terminal~~  
6 ~~charges),~~ and for expenses necessary for preservation of the goods  
7 incident to their transportation or reasonably incurred in their  
8 sale pursuant to law. ~~But~~ However, against a purchaser for value of  
9 a negotiable bill of lading, a carrier's lien is limited to charges  
10 stated in the bill or the applicable tariffs, ~~or,~~ if no charges are  
11 stated ~~then to,~~ a reasonable charge.

12 ~~(2)~~ (b) A lien for charges and expenses under subsection ~~(1)~~  
13 (a) of this section on goods ~~which~~ that the carrier was required by  
14 law to receive for transportation is effective against the consignor  
15 or any person entitled to the goods unless the carrier had notice  
16 that the consignor lacked authority to subject the goods to ~~such~~  
17 those charges and expenses. Any other lien under subsection ~~(1)~~ (a)  
18 of this section is effective against the consignor and any person  
19 ~~who~~ that permitted the bailor to have control or possession of the  
20 goods unless the carrier had notice that the bailor lacked ~~such~~  
21 authority.

1       ~~(3)~~ (c) A carrier loses ~~his~~ its lien on any goods ~~which he~~ that  
2 it voluntarily delivers or ~~which he~~ unjustifiably refuses to  
3 deliver.

4       SECTION 22.       AMENDATORY       12A O.S. 2001, Section 7-308, is  
5 amended to read as follows:

6       Section 7-308. Enforcement of Carrier's Lien.

7       ~~(1)~~ (a) A carrier's lien on goods may be enforced by public or  
8 private sale of the goods, in ~~blee~~ bulk or in ~~parcels~~ packages, at  
9 any time or place and on any terms ~~which~~ that are commercially  
10 reasonable, after notifying all persons known to claim an interest  
11 in the goods. ~~Such~~ The notification must include a statement of the  
12 amount due, the nature of the proposed sale, and the time and place  
13 of any public sale. The fact that a better price could have been  
14 obtained by a sale at a different time or in a different method from  
15 that selected by the carrier is not of itself sufficient to  
16 establish that the sale was not made in a commercially reasonable  
17 manner. ~~If the~~ The carrier ~~either~~ sells goods in a commercially  
18 reasonable manner if the carrier sells the goods in the usual manner  
19 in any recognized market therefor ~~or if he,~~ sells at the price  
20 current in ~~such~~ that market at the time of ~~his~~ the sale, ~~or if he~~  
21 ~~has~~ otherwise ~~sold~~ sells in conformity with commercially reasonable  
22 practices among dealers in the type of goods sold ~~he has sold in a~~  
23 ~~commercially reasonable manner.~~ A sale of more goods than

1 apparently necessary to be offered to ensure satisfaction of the  
2 obligation is not commercially reasonable, except in cases covered  
3 by the preceding sentence.

4 ~~(2)~~ (b) Before any sale pursuant to this section, any person  
5 claiming a right in the goods may pay the amount necessary to  
6 satisfy the lien and the reasonable expenses incurred ~~under~~ in  
7 complying with this section. In that event, the goods ~~must~~ may not  
8 be sold, but must be retained by the carrier, subject to the terms  
9 of the bill of lading and this article.

10 ~~(3)~~ The (c) A carrier may buy at any public sale pursuant to  
11 this section.

12 ~~(4)~~ (d) A purchaser in good faith of goods sold to enforce a  
13 carrier's lien takes the goods free of any rights of persons against  
14 ~~whom~~ which the lien was valid, despite the carrier's noncompliance  
15 ~~by the carrier with the requirements of~~ this section.

16 ~~(5)~~ The (e) A carrier may satisfy ~~his~~ its lien from the  
17 proceeds of any sale pursuant to this section but ~~must~~ shall hold  
18 the balance, if any, for delivery on demand to any person to ~~whom he~~  
19 which the carrier would have been bound to deliver the goods.

20 ~~(6)~~ (f) The rights provided by this section ~~shall be~~ are in  
21 addition to all other rights allowed by law to a creditor against  
22 ~~his~~ a debtor.

1       ~~(7)~~ (g) A carrier's lien may be enforced ~~in accordance with~~  
2 pursuant to either subsection ~~(1)~~ (a) of this section or the  
3 procedure set forth in subsection ~~(2)~~ (b) of Section 7-210 of this  
4 title.

5       ~~(8)~~ The (h) A carrier is liable for damages caused by failure  
6 to comply with the requirements for sale under this section and, in  
7 case of willful violation, is liable for conversion.

8       SECTION 23.       AMENDATORY       12A O.S. 2001, Section 7-309, is  
9 amended to read as follows:

10       Section 7-309. Duty of Care; Contractual Limitation of  
11 Carrier's Liability.

12       ~~(1)~~ (a) A carrier ~~who~~ that issues a bill of lading, whether  
13 negotiable or nonnegotiable ~~must,~~ shall exercise the degree of care  
14 in relation to the goods which a reasonably careful ~~man~~ person would  
15 exercise under ~~like~~ similar circumstances. This subsection does not  
16 ~~repeal or change~~ affect any ~~law~~ statute, regulation, or rule of law  
17 ~~which~~ that imposes liability upon a common carrier for damages not  
18 caused by its negligence.

19       ~~(2)~~ (b) Damages may be limited by a ~~provision~~ term in the bill  
20 of lading or in a transportation agreement that the carrier's  
21 liability ~~shall~~ may not exceed a value stated in the ~~document~~ bill  
22 or transportation agreement if the carrier's rates are dependent  
23 upon value and the consignor ~~by the carrier's tariff~~ is afforded an

1 opportunity to declare a higher value ~~or a value as lawfully~~  
2 ~~provided in the tariff, or where no tariff is filed he~~ and the  
3 consignor is ~~otherwise~~ advised of ~~such~~ the opportunity; ~~but no.~~  
4 However, such a limitation is effective with respect to the  
5 carrier's liability for conversion to its own use.

6 ~~(3)~~ (c) Reasonable provisions as to the time and manner of  
7 presenting claims and ~~instituting~~ commencing actions based on the  
8 shipment may be included in a bill of lading or ~~tariff~~  
9 transportation agreement.

10 SECTION 24. AMENDATORY 12A O.S. 2001, Section 7-401, is  
11 amended to read as follows:

12 Section 7-401. Irregularities in Issue of Receipt or Bill or  
13 Conduct of Issuer.

14 The obligations imposed by this article on an issuer apply to a  
15 document of title ~~regardless of the fact that~~ even if:

16 ~~(a)~~ (1) the document ~~may~~ does not comply with the requirements  
17 of this article or of any other ~~law~~ statute, rule, or regulation  
18 regarding its issue, form or content; ~~or~~

19 ~~(b)~~ (2) the issuer ~~may have~~ violated laws regulating the  
20 conduct of ~~his~~ its business; ~~or~~

21 ~~(c)~~ (3) the goods covered by the document were owned by the  
22 bailee at the time the document was issued; or

1       ~~(e)~~ (4) the person issuing the document ~~does not come within the~~  
2 ~~definition of warehouseman if it~~ is not a warehouse but the document  
3 purports to be a warehouse receipt.

4       SECTION 25.       AMENDATORY       12A O.S. 2001, Section 7-402, is  
5 amended to read as follows:

6       Section 7-402. Duplicate Receipt or Bill; Overissue.

7       ~~Neither a~~ A duplicate ~~nor~~ or any other document of title  
8 purporting to cover goods already represented by an outstanding  
9 document of the same issuer ~~confers~~ does not confer any right in the  
10 goods, except as provided in the case of tangible bills of lading in  
11 a set of parts, overissue of documents for fungible goods and,  
12 substitutes for lost, stolen, or destroyed documents, or substitute  
13 documents issued pursuant to Section 7-105.1 of this title. ~~But the~~  
14 The issuer is liable for damages caused by ~~his~~ its overissue or  
15 failure to identify a duplicate document as such by conspicuous  
16 notation ~~on its face~~.

17       SECTION 26.       AMENDATORY       12A O.S. 2001, Section 7-403, is  
18 amended to read as follows:

19       Section 7-403. Obligation of ~~Warehouseman or Carrier~~ Bailee to  
20 Deliver; Excuse.

21       ~~(1) The~~ (a) A bailee ~~must~~ shall deliver the goods to a person  
22 entitled under ~~the~~ a document ~~who~~ of title if the person complies

1 with subsections ~~(2)~~ (b) and ~~(3)~~ (c) of this section, unless and to  
2 the extent that the bailee establishes any of the following:

3 ~~(a)~~ (1) delivery of the goods to a person whose receipt was  
4 rightful as against the claimant;

5 ~~(b)~~ (2) damage to or delay, loss, or destruction of the goods  
6 for which the bailee is not liable;

7 ~~(c)~~ (3) previous sale or other disposition of the goods in  
8 lawful enforcement of a lien or on ~~warehouseman's~~ warehouse's lawful  
9 termination of storage;

10 ~~(d)~~ (4) the exercise by a seller of ~~his~~ its right to stop  
11 delivery pursuant to ~~the provisions of the Article on Sales (Section~~  
12 ~~2-705)~~ of this title or by a lessor of its right to stop delivery  
13 pursuant to Section 2A-526 of this title;

14 ~~(e)~~ (5) a diversion, reconsignment or other disposition  
15 pursuant to ~~the provisions of this article (Section 7-303) or tariff~~  
16 ~~regulating such right~~ of this title;

17 ~~(f)~~ (6) release, satisfaction or any other ~~fact affording a~~  
18 personal defense against the claimant; or

19 ~~(g)~~ (7) any other lawful excuse.

20 ~~(2)~~ (b) A person claiming goods covered by a document of title  
21 ~~must~~ shall satisfy the bailee's lien ~~where~~ if the bailee so requests  
22 or ~~where~~ if the bailee is prohibited by law from delivering the  
23 goods until the charges are paid.

1       ~~(3)~~ (c) Unless the person claiming the goods is ~~one~~ a person  
2 against ~~whom~~ which the document ~~confers no~~ of title does not confer  
3 a right under Section 7-503(1), he must subsection (a) of Section 7-  
4 503 of this title:

5       (1) the person claiming under a document shall surrender for  
6 ~~cancellation or notation of partial deliveries~~ possession or control  
7 of any outstanding negotiable document covering the goods, for  
8 cancellation or indication of partial deliveries; and

9       (2) the bailee must shall cancel the document or conspicuously  
10 ~~note~~ indicate in the document the partial delivery ~~thereon~~ or ~~be~~ the  
11 bailee is liable to any person to ~~whom~~ which the document is duly  
12 negotiated.

13       ~~(4) "Person entitled under the document" means holder in the~~  
14 ~~case of a negotiable document, or the person to whom delivery is to~~  
15 ~~be made by the terms of or pursuant to written instructions under a~~  
16 ~~nonnegotiable document.~~

17       SECTION 27.       AMENDATORY       12A O.S. 2001, Section 7-404, is  
18 amended to read as follows:

19       Section 7-404. No Liability for Good-Faith Delivery Pursuant to  
20 ~~Receipt or Bill~~ Document of Title.

21       A bailee ~~who~~ that in good faith ~~including observance of~~  
22 ~~reasonable commercial standards~~ has received goods and delivered or  
23 otherwise disposed of ~~them~~ the goods according to the terms of the

1 document of title or pursuant to this article is not liable  
2 therefor. ~~This rule applies even though~~ even if:

3 (1) the person from ~~whom he~~ which the bailee received the goods  
4 ~~had no~~ did not have authority to procure the document or to dispose  
5 of the goods ~~and even though;~~ or

6 (2) the person to ~~whom he~~ which the bailee delivered the goods  
7 had no authority to receive ~~them~~ the goods.

8 SECTION 28. AMENDATORY 12A O.S. 2001, Section 7-501, is  
9 amended to read as follows:

10 Section 7-501. Form of Negotiation and Requirements of "Due  
11 Negotiation".

12 ~~(1) A~~ (a) The following rules apply to a negotiable tangible  
13 document of title running:

14 (1) If the document's original terms run to the order of a  
15 named person, the document is negotiated by ~~his~~ the named person's  
16 endorsement and delivery. After ~~his~~ the named person's endorsement  
17 in blank or to bearer, any person ~~can~~ may negotiate ~~it~~ the document  
18 by delivery alone.

19 ~~(2) (a) A negotiable document of title is also negotiated by~~  
20 ~~delivery alone when by its~~ If the document's original terms it runs  
21 run to bearer, it is negotiated by delivery alone.

22 ~~(b) when a document running~~ (3) If the document's original  
23 terms run to the order of a named person and it is delivered to ~~him~~

1 the named person, the effect is the same as if the document had been  
2 negotiated.

3 ~~(3)~~ (4) Negotiation of ~~a negotiable~~ the document ~~of title~~ after  
4 it has been endorsed to a ~~specified~~ named person requires  
5 endorsement by the ~~special endorsee as well as~~ named person and  
6 delivery.

7 ~~(4)~~ (5) A ~~negotiable~~ document ~~of title~~ is "duly negotiated"  
8 ~~when~~ if it is negotiated in the manner stated in this ~~section~~  
9 subsection to a holder ~~who~~ that purchases it in good faith, without  
10 notice of any defense against or claim to it on the part of any  
11 person, and for value, unless it is established that the negotiation  
12 is not in the regular course of business or financing or involves  
13 receiving the document in settlement or payment of a money  
14 obligation.

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

17 (1) If the document's original terms run to the order of a  
18 named person or to bearer, the document is negotiated by delivery of  
19 the document to another person. Endorsement by the named person is  
20 not required to negotiate the document.

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

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

8        ~~(5)~~ (c) Endorsement of a nonnegotiable document of title  
9 neither makes it negotiable nor adds to the transferee's rights.

10        ~~(6)~~ (d) The naming in a negotiable bill of lading of a person  
11 to be notified of the arrival of the goods does not limit the  
12 negotiability of the bill nor constitute notice to a purchaser  
13 ~~thereof~~ of the bill of any interest of ~~such~~ that person in the  
14 goods.

15        SECTION 29.        AMENDATORY        12A O.S. 2001, Section 7-502, is  
16 amended to read as follows:

17        Section 7-502. Rights Acquired by Due Negotiation.

18        ~~(1)~~ (a) Subject to ~~the following section and to the provisions~~  
19 ~~of Section~~ Sections 7-205 ~~on fungible goods~~ and 7-503 of this title,  
20 a holder to ~~whom~~ which a negotiable document of title has been duly  
21 negotiated acquires thereby:

22        ~~(a)~~ (1) title to the document;

23        ~~(b)~~ (2) title to the goods;

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

4       ~~(d)~~ (4) the direct obligation of the issuer to hold or deliver  
5 the goods according to the terms of the document free of any defense  
6 or claim by ~~him~~ the issuer except those arising under the terms of  
7 the document or under this article.—In, but in the case of a  
8 delivery order, the bailee's obligation accrues only upon acceptance  
9 of the delivery order and the obligation acquired by the holder is  
10 that the issuer and any endorser will procure the acceptance of the  
11 bailee.

12       ~~(2)~~ (b) Subject to ~~the following section~~ Section 7-503 of this  
13 title, title and rights ~~so~~ acquired by due negotiation are not  
14 defeated by any stoppage of the goods represented by the document or  
15 by surrender of ~~such~~ the goods by the bailee, and are not impaired  
16 even ~~though~~ if:

17       (1) the due negotiation or any prior due negotiation  
18 constituted a breach of duty ~~or even though;~~

19       (2) any person has been deprived of possession of ~~the~~ a  
20 negotiable tangible document or control of a negotiable electronic  
21 document by misrepresentation, fraud, accident, mistake, duress,  
22 loss, theft or conversion, ; or ~~even though~~

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

3        SECTION 30.        AMENDATORY        12A O.S. 2001, Section 7-503, is  
4 amended to read as follows:

5        Section 7-503. Document of Title to Goods Defeated in Certain  
6 Cases.

7        ~~(1)~~ (a) A document of title confers no right in goods against a  
8 person ~~who~~ that before issuance of the document had a legal interest  
9 or a perfected security interest in ~~them~~ and ~~who~~ ~~neither~~

10        ~~(a) delivered or entrusted them~~ the goods and that did not:

11        (1) deliver or entrust the goods or any document of title  
12 covering ~~them~~ the goods to the bailor or ~~his~~ the bailor's nominee  
13 with:

14        (A) actual or apparent authority to ship, store or sell ~~or~~  
15        with;

16        (B) power to obtain delivery under ~~this article~~ (Section  
17        7-403 of this title); or with

18        (C) power of disposition under ~~this act~~ (~~Sections~~ Section  
19        2-403 ~~and~~, 2A-304(2), 2A-305(2), 1-9-320, or 1-9-  
20        321(c) of this title) ~~or other statute or rule of law;~~  
21        ~~nor~~ or

22        ~~(b) acquiesced~~ (2) acquiesce in the procurement by the bailor  
23 or ~~his~~ its nominee of any document ~~of~~ title.

1       ~~(2)~~ (b) Title to goods based upon an unaccepted delivery order  
2 is subject to the rights of ~~anyone to whom~~ any person to which a  
3 negotiable warehouse receipt or bill of lading covering the goods  
4 has been duly negotiated. ~~Such a~~ That title may be defeated under  
5 ~~the next section~~ Section 7-504 of this title to the same extent as  
6 the rights of the issuer or a transferee from the issuer.

7       ~~(3)~~ (c) Title to goods based upon a bill of lading issued to a  
8 freight forwarder is subject to the rights of ~~anyone to whom~~ any  
9 person to which a bill issued by the freight forwarder is duly  
10 negotiated; ~~but~~ However, delivery by the carrier in accordance  
11 with Part 4 of this article pursuant to its own bill of lading  
12 discharges the carrier's obligation to deliver.

13       SECTION 31.       AMENDATORY       12A O.S. 2001, Section 7-504, is  
14 amended to read as follows:

15       Section 7-504. Rights Acquired in ~~the~~ Absence of Due  
16 Negotiation; Effect of Diversion; ~~Seller's~~ Stoppage of Delivery.

17       ~~(1)~~ (a) A transferee of a document of title, whether negotiable  
18 or nonnegotiable, to ~~whom~~ which the document has been delivered but  
19 not duly negotiated, acquires the title and rights ~~which his~~ that  
20 its transferor had or had actual authority to convey.

21       ~~(2)~~ (b) In the case of a nonnegotiable document of title, until  
22 but not after the bailee receives notification of the transfer, the  
23 rights of the transferee may be defeated:

1       ~~(a)~~ (1) by those creditors of the transferor who could treat  
2 the sale as void under Section 2-402 or 2A-308 of this title; ~~or~~  
3       ~~(b)~~ (2) by a buyer from the transferor in ordinary course of  
4 business if the bailee has delivered the goods to the buyer or  
5 received notification of ~~his~~ buyer's rights; ~~or~~  
6       ~~(c)~~ (3) by a lessee from the transferor in ordinary course of  
7 business if the bailee has delivered the goods to the lessee or  
8 received notification of the lessee's rights; or  
9       (4) as against the bailee, by good faith dealings of the bailee  
10 with the transferor.  
11       ~~(3)~~ (c) A diversion or other change of shipping instructions by  
12 the consignor in a nonnegotiable bill of lading which causes the  
13 bailee not to deliver to the consignee defeats the consignee's title  
14 to the goods if ~~they~~ the goods have been delivered to a buyer in  
15 ordinary course of business or a lessee in ordinary course of  
16 business and, in any event, defeats the consignee's rights against  
17 the bailee.  
18       ~~(4)~~ (d) Delivery pursuant to a nonnegotiable document of title  
19 may be stopped by a seller under Section 2-705, ~~and~~ of this title or  
20 a lessor under Section 2A-526 of this title, subject to the  
21 requirement of due notification, ~~there provided~~ in those sections.  
22 A bailee ~~honoring~~ that honors the seller's or lessor's instructions

1 is entitled to be indemnified by the seller or lessor against any  
2 resulting loss or expense.

3 SECTION 32. AMENDATORY 12A O.S. 2001, Section 7-505, is  
4 amended to read as follows:

5 Section 7-505. Endorser Not a Guarantor For Other Parties.

6 The endorsement of a tangible document of title issued by a  
7 bailee does not make the endorser liable for any default by the  
8 bailee or by previous endorsers.

9 SECTION 33. AMENDATORY 12A O.S. 2001, Section 7-506, is  
10 amended to read as follows:

11 Section 7-506. Delivery Without Endorsement: Right to Compel  
12 Endorsement.

13 The transferee of a negotiable tangible document of title has a  
14 specifically enforceable right to have ~~his~~ its transferor supply any  
15 necessary endorsement but the transfer becomes a negotiation only as  
16 of the time the endorsement is supplied.

17 SECTION 34. AMENDATORY 12A O.S. 2001, Section 7-507, is  
18 amended to read as follows:

19 Section 7-507. Warranties on Negotiation or Transfer of Receipt  
20 or Bill.

21 ~~Where~~ If a person negotiates or transfers a document of title  
22 for value, otherwise than as a mere intermediary under the next  
23 ~~following section, then~~ Section 7-508 of this title, unless

1 otherwise agreed ~~he~~, the transferor, in addition to any warranty  
2 made in selling or leasing the goods, warrants to ~~his~~ its immediate  
3 purchaser only ~~in addition to any warranty made in selling the goods~~

4 ~~(a)~~ that:

5 (1) the document is genuine; ~~and~~

6 ~~(b) that he has no~~ (2) the transferor does not have knowledge  
7 of any fact ~~which~~ that would impair ~~its~~ the document's validity or  
8 worth; and

9 ~~(c) that his~~ (3) the negotiation or transfer is rightful and  
10 fully effective with respect to the title to the document and the  
11 goods it represents.

12 SECTION 35. AMENDATORY 12A O.S. 2001, Section 7-508, is  
13 amended to read as follows:

14 Section 7-508. Warranties of Collecting Bank as to Documents of  
15 Title.

16 A collecting bank or other intermediary known to be entrusted  
17 with documents of title on behalf of another or with collection of a  
18 draft or other claim against delivery of documents warrants by ~~such~~  
19 the delivery of the documents only its own good faith and authority.  
20 ~~This rule applies even though~~ if the collecting bank or other  
21 intermediary has purchased or made advances against the claim or  
22 draft to be collected.

1 SECTION 36. AMENDATORY 12A O.S. 2001, Section 7-509, is  
2 amended to read as follows:

3 Section 7-509. ~~Receipt or Bill: When Adequate Compliance With~~  
4 Commercial Contract.

5 ~~The question whether~~ Whether a document is adequate to fulfill  
6 the obligations of a contract for sale, a contract for lease, or the  
7 conditions of a letter of credit is ~~governed~~ determined by the  
8 ~~Articles on Sales (Article 2) and on Letters of Credit (Article, 2A,~~  
9 or 5).

10 SECTION 37. AMENDATORY 12A O.S. 2001, Section 7-601, is  
11 amended to read as follows:

12 Section 7-601. Lost ~~and Missing,~~ Stolen, or Destroyed Documents  
13 of Title.

14 ~~(1)~~ (a) If a document has been lost, stolen, or destroyed, a  
15 court may order delivery of the goods or issuance of a substitute  
16 document and the bailee may without liability to any person comply  
17 with ~~such~~ the order. If the document was negotiable ~~the claimant~~  
18 ~~must post security approved by the court to indemnify,~~ a court may  
19 not order delivery of the goods or issuance of a substitute document  
20 without the claimant's posting security unless it finds that any  
21 person who that may suffer loss as a result of nonsurrender of  
22 possession or control of the document is adequately protected  
23 against the loss. If the document was not negotiable, ~~such~~ the

1 court may require security ~~may be required at the discretion of the~~  
2 ~~court.~~ The court may also ~~in its discretion~~ order payment of the  
3 bailee's reasonable costs and ~~counsel~~ attorney fees in any action  
4 under this section.

5 ~~(2)~~ (b) A bailee ~~who that,~~ without court order, delivers goods  
6 to a person claiming under a missing negotiable document of title is  
7 liable to any person injured thereby, ~~and if.~~ If the delivery is  
8 not in good faith ~~becomes,~~ the bailee is liable for conversion.  
9 Delivery in good faith is not conversion ~~if made in accordance with~~  
10 ~~a filed classification or tariff or, where no classification or~~  
11 ~~tariff is filed,~~ if the claimant posts security with the bailee in  
12 an amount at least double the value of the goods at the time of  
13 posting to indemnify any person injured by the delivery ~~who~~ which  
14 files a notice of claim within one (1) year after the delivery.

15 SECTION 38. AMENDATORY 12A O.S. 2001, Section 7-602, is  
16 amended to read as follows:

17 Section 7-602. ~~Attachment of~~ Judicial Process Against Goods  
18 Covered by ~~a~~ Negotiable Document of Title.

19 ~~Except where the~~ Unless a document of title was originally  
20 issued upon delivery of the goods by a person ~~who had no~~ that did  
21 not have power to dispose of them, ~~no~~ a lien ~~attaches~~ does not  
22 attach by virtue of any judicial process to goods in the possession  
23 of a bailee for which a negotiable document of title is outstanding

1 unless possession or control of the document ~~be~~ is first surrendered  
2 to the bailee or ~~its~~ the document's negotiation enjoined, ~~and the.~~  
3 The bailee ~~shall~~ may not be compelled to deliver the goods pursuant  
4 to process until possession or control of the document is  
5 surrendered to ~~him or impounded by~~ the bailee or to the court. ~~One~~  
6 ~~who purchases~~ A purchaser of the document for value without notice  
7 of the process or injunction takes free of the lien imposed by  
8 judicial process.

9 SECTION 39. AMENDATORY 12A O.S. 2001, Section 7-603, is  
10 amended to read as follows:

11 Section 7-603. Conflicting Claims; Interpleader.

12 ~~(1)~~ If more than one person claims title or possession of the  
13 goods, the bailee is excused from delivery until ~~he~~ the bailee has  
14 ~~had~~ a reasonable time to ascertain the validity of the adverse  
15 claims or to ~~bring~~ commence an action ~~to compel all claimants to~~  
16 ~~interplead and may compel such~~ for interpleader, The bailee may  
17 assert an interpleader either in defending an action for nondelivery  
18 of the goods, ~~or by original action, whichever is appropriate.~~

19 ~~(2) It is not ground for objection to interpleader that the~~  
20 ~~claims of the several claimants or the title on which their claims~~  
21 ~~depend do not have a common origin or are not identical but are~~  
22 ~~adverse to and independent of one another, or that the bailee avers~~  
23 ~~that he is not liable in whole or in part to any or all of the~~

1 ~~claimants, or that he may be liable on an independent theory to one~~  
2 ~~of the claimants.~~

3 SECTION 40. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 7-703 of Title 12A, unless there  
5 is created a duplication in numbering, reads as follows:

6 Applicability.

7 This article applies to a document of title that is issued or a  
8 bailment that arises on or after January 1, 2006. This article does  
9 not apply to a document of title that is issued or a bailment that  
10 arises before January 1, 2006, even if the document of title or  
11 bailment would be subject to this article if the document of title  
12 had been issued or bailment had arisen on or after January 1, 2006.  
13 This article does not apply to a right of action that has accrued  
14 before January 1, 2006.

15 SECTION 41. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 7-704 of Title 12A, unless there  
17 is created a duplication in numbering, reads as follows:

18 Savings Clause.

19 A document of title issued or a bailment that arises before  
20 January 1, 2006, and the rights, obligations, and interests flowing  
21 from that document or bailment are governed by any statute or other  
22 rule amended or repealed by this act as if amendment or repeal had

1 not occurred and may be terminated, completed, consummated, or  
2 enforced under that statute or other rule.

3 SECTION 42. AMENDATORY 12A O.S. 2001, Section 2-103, is  
4 amended to read as follows:

5 Section 2-103. Definitions and Index of Definitions.

6 (1) In this article unless the context otherwise requires:

7 (a) "Buyer" means a person who buys or contracts to buy goods.

8 (b) "Good faith" in the case of a merchant means honesty in  
9 fact and the observance of reasonable commercial standards of fair  
10 dealing in the trade.

11 (c) "Receipt" of goods means taking physical possession of  
12 them.

13 (d) "Seller" means a person who sells or contracts to sell  
14 goods.

15 (2) Other definitions applying to this article or to specified  
16 parts thereof, and the sections in which they appear are:

17 "Acceptance". Section 2-606 of this title.

18 "Banker's credit". Section 2-325 of this title.

19 "Between merchants". Section 2-104 of this title.

20 "Cancellation". Section 2-106(4) of this title.

21 "Commercial unit". Section 2-105 of this title.

22 "Confirmed credit". Section 2-325 of this title.

23 "Conforming to contract". Section 2-106 of this title.

1 "Contract for sale". Section 2-106 of this title.  
2 "Cover". Section 2-712 of this title.  
3 "Entrusting". Section 2-403 of this title.  
4 "Financing agency". Section 2-104 of this title.  
5 "Future goods". Section 2-105 of this title.  
6 "Goods". Section 2-105 of this title.  
7 "Identification". Section 2-501 of this title.  
8 "Installment contract". Section 2-612 of this title.  
9 "Letter of credit". Section 2-325 of this title.  
10 "Lot". Section 2-105 of this title.  
11 "Merchant". Section 2-104 of this title.  
12 "Overseas". Section 2-323 of this title.  
13 "Person in position of seller". Section 2-707 of this title.  
14 "Present sale". Section 2-106 of this title.  
15 "Sale". Section 2-106 of this title.  
16 "Sale on approval". Section 2-326 of this title.  
17 "Sale or return". Section 2-326 of this title.  
18 "Termination". Section 2-106 of this title.  
19 (3) ~~The~~ "Control" as provided in Section 7-106 of this title  
20 and the following definitions in other articles apply to this  
21 article:  
22 "Check". Section 3-104 of this title.  
23 "Consignee". Section 7-102 of this title.

1 "Consignor". Section 7-102 of this title.

2 "Consumer goods". Section ~~9-102~~ 1-9-102 of this title.

3 "Dishonor". Section 3-502 of this title.

4 "Draft". Section 3-104 of this title.

5 (4) In addition, Article 1 of this title contains general  
6 definitions and principles of construction and interpretation  
7 applicable throughout this article.

8 SECTION 43. AMENDATORY 12A O.S. 2001, Section 2-104, is  
9 amended to read as follows:

10 Section 2-104. Definitions: "Merchant"; "Between Merchants";  
11 "Financing Agency".

12 (1) "Merchant" means a person who deals in goods of the kind or  
13 otherwise by his occupation holds himself out as having knowledge or  
14 skill peculiar to the practices or goods involved in the transaction  
15 or to whom such knowledge or skill may be attributed by his  
16 employment of an agent or broker or other intermediary who by his  
17 occupation holds himself out as having such knowledge or skill.

18 (2) "Financing agency" means a bank, finance company or other  
19 person who in the ordinary course of business makes advances against  
20 goods or documents of title or who by arrangement with either the  
21 seller or the buyer intervenes in ordinary course to make or collect  
22 payment due or claimed under the contract for sale, as by purchasing  
23 or paying the seller's draft or making advances against it or by

1 merely taking it for collection whether or not documents of title  
2 accompany or are associated with the draft. "Financing agency"  
3 includes also a bank or other person who similarly intervenes  
4 between persons who are in the position of seller and buyer in  
5 respect to the goods (Section 2-707).

6 (3) "Between merchants" means in any transaction with respect  
7 to which both parties are chargeable with the knowledge or skill of  
8 merchants.

9 SECTION 44. AMENDATORY 12A O.S. 2001, Section 2-310, is  
10 amended to read as follows:

11 Section 2-310. Open Time for Payment or Running of Credit;  
12 Authority to Ship Under Reservation.

13 Unless otherwise agreed:

14 (a) payment is due at the time and place at which the buyer is  
15 to receive the goods even though the place of shipment is the place  
16 of delivery; and

17 (b) if the seller is authorized to send the goods he may ship  
18 them under reservation, and may tender the documents of title, but  
19 the buyer may inspect the goods after their arrival before payment  
20 is due unless such inspection is inconsistent with the terms of the  
21 contract (Section 2-513); and

22 (c) if delivery is authorized and made by way of documents of  
23 title otherwise than by subsection (b) then payment is due

1 regardless of where the goods are to be received (i) at the time and  
2 place at which the buyer is to receive delivery of the tangible  
3 documents ~~regardless of where the goods are to be received~~ or (ii)  
4 at the time the buyer is to receive delivery of the electronic  
5 documents and at the seller's place of business or if none, the  
6 seller's residence; and

7 (d) where the seller is required or authorized to ship the  
8 goods on credit the credit period runs from the time of shipment but  
9 post-dating the invoice or delaying its dispatch will  
10 correspondingly delay the starting of the credit period.

11 SECTION 45. AMENDATORY 12A O.S. 2001, Section 2-323, is  
12 amended to read as follows:

13 Section 2-323. Form of Bill of Lading Required in Overseas  
14 Shipment; "Overseas".

15 (1) Where the contract contemplates overseas shipment and  
16 contains a term C.I.F. or C. and F. or F.O.B. vessel, the seller  
17 unless otherwise agreed must obtain a negotiable bill of lading  
18 stating that the goods have been loaded on board or, in the case of  
19 a term C.I.F. or C. and F., received for shipment.

20 (2) Where in a case within subsection (1) a tangible bill of  
21 lading has been issued in a set of parts, unless otherwise agreed if  
22 the documents are not to be sent from abroad the buyer may demand  
23 tender of the full set; otherwise only one part of the bill of

1 lading need be tendered. Even if the agreement expressly requires a  
2 full set.

3 (a) due tender of a single part is acceptable within the  
4 provisions of this article on cure of improper delivery (subsection  
5 (1) of Section 2-508); and

6 (b) even though the full set is demanded, if the documents are  
7 sent from abroad the person tendering an incomplete set may  
8 nevertheless require payment upon furnishing an indemnity which the  
9 buyer in good faith deems adequate.

10 (3) A shipment by water or by air or a contract contemplating  
11 such shipment is "overseas" insofar as by usage of trade or  
12 agreement it is subject to the commercial, financing or shipping  
13 practices characteristic of international deep water commerce.

14 SECTION 46. AMENDATORY 12A O.S. 2001, Section 2-401, is  
15 amended to read as follows:

16 Section 2-401. Passing of Title; Reservation for Security;  
17 Limited Application of this Section.

18 Each provision of this article with regard to the rights,  
19 obligations and remedies of the seller, the buyer, purchasers or  
20 other third parties applies irrespective of title to the goods  
21 except where the provision refers to such title. Insofar as  
22 situations are not covered by the other provisions of this article

1 and matters concerning title become material the following rules  
2 apply:

3 (1) Title to goods cannot pass under a contract for sale prior  
4 to their identification to the contract (Section 2-501), and unless  
5 otherwise explicitly agreed the buyer acquires by their  
6 identification a special property as limited by this act. Any  
7 retention or reservation by the seller of the title (property) in  
8 goods shipped or delivered to the buyer is limited in effect to a  
9 reservation of a security interest. Subject to these provisions and  
10 to the provisions of the article on Secured Transactions (Article  
11 9), title to goods passes from the seller to the buyer in any manner  
12 and on any conditions explicitly agreed on by the parties.

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

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

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

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

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

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

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

16 SECTION 47. AMENDATORY 12A O.S. 2001, Section 2-503, is  
17 amended to read as follows:

18 Section 2-503. Manner of Seller's Tender of Delivery.

19 (1) Tender of delivery requires that the seller put and hold  
20 conforming goods at the buyer's disposition and give the buyer any  
21 notification reasonably necessary to enable him to take delivery.  
22 The manner, time and place for tender are determined by the  
23 agreement and this article, and in particular:

1 (a) tender must be at a reasonable hour, and if it is of goods  
2 they must be kept available for the period reasonably necessary to  
3 enable the buyer to take possession; but

4 (b) unless otherwise agreed the buyer must furnish facilities  
5 reasonably suited to the receipt of the goods.

6 (2) Where the case is within the next section respecting  
7 shipment tender requires that the seller comply with its provisions.

8 (3) Where the seller is required to deliver at a particular  
9 destination tender requires that he comply with subsection (1) and  
10 also in any appropriate case tender documents as described in  
11 subsections (4) and (5) of this section.

12 (4) Where goods are in the possession of a bailee and are to be  
13 delivered without being moved.

14 (a) tender requires that the seller either tender a negotiable  
15 document of title covering such goods or procure acknowledgment by  
16 the bailee of the buyer's right to possession of the goods; but

17 (b) tender to the buyer of a nonnegotiable document of title or  
18 of a written direction to the bailee to deliver is sufficient tender  
19 unless the buyer seasonably objects, and receipt by the bailee of  
20 notification of the buyer's rights fixes those rights as against the  
21 bailee and all third persons; but risk of loss of the goods and of  
22 any failure by the bailee to honor the nonnegotiable document of  
23 title or to obey the direction remains on the seller until the buyer

1 has had a reasonable time to present the document or direction, and  
2 a refusal by the bailee to honor the document or to obey the  
3 direction defeats the tender.

4 (5) Where the contract requires the seller to deliver documents

5 (a) he must tender all such documents in correct form, except  
6 as provided in this article with respect to bills of lading in a set  
7 (subsection (2) of Section 2-323); and

8 (b) tender through customary banking channels is sufficient and  
9 dishonor of a draft accompanying or associated with the documents  
10 constitutes nonacceptance or rejection.

11 SECTION 48. AMENDATORY 12A O.S. 2001, Section 2-505, is  
12 amended to read as follows:

13 Section 2-505. Seller's Shipment Under Reservation.

14 (1) Where the seller has identified goods to the contract by or  
15 before shipment:

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

21 (b) a nonnegotiable bill of lading to himself or his nominee  
22 reserves possession of the goods as security but except in a case of  
23 conditional delivery (subsection (2) of Section 2-507) a

1 nonnegotiable bill of lading naming the buyer as consignee reserves  
2 no security interest even though the seller retains possession or  
3 control of the bill of lading.

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

10 SECTION 49. AMENDATORY 12A O.S. 2001, Section 2-506, is  
11 amended to read as follows:

12 Section 2-506. Rights of Financing Agency.

13 (1) A financing agency by paying or purchasing for value a  
14 draft which relates to a shipment of goods acquires to the extent of  
15 the payment or purchase and in addition to its own rights under the  
16 draft and any document of title securing it any rights of the  
17 shipper in the goods including the right to stop delivery and the  
18 shipper's right to have the draft honored by the buyer.

19 (2) The right to reimbursement of a financing agency which has  
20 in good faith honored or purchased the draft under commitment to or  
21 authority from the buyer is not impaired by subsequent discovery of  
22 defects with reference to any relevant document which was apparently  
23 regular ~~on its face~~.

1 SECTION 50. AMENDATORY 12A O.S. 2001, Section 2-509, is  
2 amended to read as follows:

3 Section 2-509. Risk of Loss in the Absence of Breach.

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

6 (a) if it does not require him to deliver them at a particular  
7 destination, the risk of loss passes to the buyer when the goods are  
8 duly delivered to the carrier even though the shipment is under  
9 reservation (Section 2-505); but

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

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

17 (a) on his receipt of a negotiable document of title covering  
18 the goods; or

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

21 (c) after his receipt of possession or control of a  
22 nonnegotiable document of title or other ~~written~~ direction to

1 deliver in a record, as provided in subsection (4) (b) of Section  
2 2-503.

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

7 (4) The provisions of this section are subject to contrary  
8 agreement of the parties and to the provisions of this article on  
9 sale on approval (Section 2-327) and on effect of breach on risk of  
10 loss (Section 2-510).

11 SECTION 51. AMENDATORY 12A O.S. 2001, Section 2-605, is  
12 amended to read as follows:

13 Section 2-605. Waiver of Buyer's Objections by Failure to  
14 Particularize.

15 (1) The buyer's failure to state in connection with rejection a  
16 particular defect which is ascertainable by reasonable inspection  
17 precludes him from relying on the unstated defect to justify  
18 rejection or to establish breach:

19 (a) where the seller could have cured it if stated seasonably;  
20 or

21 (b) between merchants when the seller has after rejection made  
22 a request in writing for a full and final written statement of all  
23 defects on which the buyer proposes to rely.

1           (2) Payment against documents made without reservation of  
2 rights precludes recovery of the payment for defects apparent ~~on the~~  
3 ~~face of~~ in the documents.

4           SECTION 52.           AMENDATORY           12A O.S. 2001, Section 2-705, is  
5 amended to read as follows:

6           Section 2-705. Seller's Stoppage of Delivery in Transit or  
7 Otherwise.

8           (1) The seller may stop delivery of goods in the possession of  
9 a carrier or other bailee when he discovers the buyer to be  
10 insolvent (Section 2-702) and may stop delivery of carload,  
11 truckload, planeload or larger shipments of express or freight when  
12 the buyer repudiates or fails to make a payment due before delivery  
13 or if for any other reason the seller has a right to withhold or  
14 reclaim the goods.

15           (2) As against such buyer the seller may stop delivery until

16           (a) receipt of the goods by the buyer; or

17           (b) acknowledgement to the buyer by any bailee of the goods  
18 except a carrier that the bailee holds the goods for the buyer; or

19           (c) such acknowledgment to the buyer by a carrier by reshipment  
20 or as ~~warehouseman~~ a warehouse; or

21           (d) negotiation to the buyer of any negotiable document of  
22 title covering the goods.

1 (3) (a) To stop delivery the seller must so notify as to enable  
2 the bailee by reasonable diligence to prevent delivery of the goods.

3 (b) After such notification the bailee must hold and deliver  
4 the goods according to the directions of the seller but the seller  
5 is liable to the bailee for any ensuing charges or damages.

6 (c) If a negotiable document of title has been issued for goods  
7 the bailee is not obliged to obey a notification to stop until  
8 surrender of possession or control of the document.

9 (d) A carrier who has issued a nonnegotiable bill of lading is  
10 not obliged to obey a notification to stop received from a person  
11 other than the consignor.

12 SECTION 53. AMENDATORY 12A O.S. 2001, Section 2A-103, is  
13 amended to read as follows:

14 Section 2A-103.

15 DEFINITIONS AND INDEX OF DEFINITIONS

16 (1) In this article unless the context otherwise requires:

17 (a) "Buyer in the ordinary course of business" means a person  
18 who in good faith and without knowledge that the sale to him is in  
19 violation of the ownership rights or security interest or leasehold  
20 interest of a third party in the goods, buys in the ordinary course  
21 from a person in the business of selling goods of that kind but does  
22 not include a pawnbroker. "Buying" may be for cash or by exchange  
23 of other property or on secured or unsecured credit and includes

1 ~~receiving~~ acquiring goods or documents of title under a preexisting  
2 contract for sale but does not include a transfer in bulk or as  
3 security for or in total or partial satisfaction of a money debt.

4 (b) "Cancellation" occurs when either party puts an end to the  
5 lease contract for default by the other party.

6 (c) "Commercial unit" means such a unit of goods as by  
7 commercial usage is a single whole for purposes of lease and  
8 division of which materially impairs its character or value on the  
9 market or in use. A commercial unit may be a single article, as a  
10 machine, or a set of articles, as a suite of furniture or a line of  
11 machinery, or a quantity, as a gross or carload, or any other unit  
12 treated in use or in the relevant market as a single whole.

13 (d) "Conforming" goods or performance under a lease contract  
14 means goods or performance that are in accordance with the  
15 obligations under the lease contract.

16 (e) "Consumer lease" means a lease that a lessor regularly  
17 engaged in the business of leasing or selling makes to a lessee who  
18 is an individual and who takes under the lease primarily for a  
19 personal, family, or household purpose, if the total payments to be  
20 made under the lease contract, excluding payments for options to  
21 renew or buy, do not exceed Forty-five Thousand Dollars  
22 (\$45,000.00).

23 (f) "Fault" means wrongful act, omission, breach, or default.

1 (g) "Finance lease" means a lease with respect to which:  
2 (i) the lessor does not select, manufacture or supply the  
3 goods;  
4 (ii) the lessor acquires the goods or the right to  
5 possession and use of the goods in connection with the  
6 lease; and  
7 (iii) one of the following occurs:  
8 (A) the lessee receives a copy of the contract by  
9 which the lessor acquired the goods or the right  
10 to possession and use of the goods before  
11 signing the lease contract;  
12 (B) the lessee's approval of the contract by which  
13 the lessor acquired the goods or the right to  
14 possession and use of the goods is a condition to  
15 effectiveness of the lease contract;  
16 (C) the lessee, before signing the lease contract,  
17 receives an accurate and complete statement  
18 designating the promises and warranties, and any  
19 disclaimers of warranties, limitations or  
20 modifications of remedies, or liquidated damages,  
21 including those of a third party, such as the  
22 manufacturer of the goods, provided to the lessor  
23 by the person supplying the goods in connection

1 with or as part of the contract by which the  
2 lessor acquired the goods or the right to  
3 possession and use of the goods; or

4 (D) if the lease is not a consumer lease, the lessor,  
5 before the lessee signs the lease contract,  
6 informs the lessee in writing (a) of the identity  
7 of the person supplying the goods to the lessor,  
8 unless the lessee has selected that person and  
9 directed the lessor to acquire the goods or the  
10 right to possession and use of the goods from  
11 that person, (b) that the lessee is entitled  
12 under this article to the promises and  
13 warranties, including those of any third party,  
14 provided to the lessor by the person supplying  
15 the goods in connection with or as part of the  
16 contract by which the lessor acquired the goods  
17 or the right to possession and use of the goods,  
18 and (c) that the lessee may communicate with the  
19 person supplying the goods to the lessor and  
20 receive an accurate and complete statement of  
21 those promises and warranties, including any  
22 disclaimers and limitations of them or of  
23 remedies.

1 (h) "Goods" means all things that are movable at the time of  
2 identification to the lease contract, or are fixtures (Section 2A-  
3 309 of this title), but the term does not include money, documents,  
4 instruments, accounts, chattel paper, general intangibles, or  
5 minerals or the like, including oil and gas, before extraction. The  
6 term also includes the unborn young of animals.

7 (i) "Installment lease contract" means a lease contract that  
8 authorizes or requires the delivery of goods in separate lots to be  
9 separately accepted, even though the lease contract contains a  
10 clause "each delivery is a separate lease" or its equivalent.

11 (j) "Lease" means a transfer of the right to possession and use  
12 of goods for a term in return for consideration, but a sale,  
13 including a sale on approval or a sale or return, or retention or  
14 creation of a security interest is not a lease. Unless the context  
15 clearly indicates otherwise, the term includes a sublease.

16 (k) "Lease agreement" means the bargain, with respect to the  
17 lease, of the lessor and the lessee in fact as found in their  
18 language or by implication from other circumstances including course  
19 of dealing of usage of trade or course of performance as provided in  
20 this article. Unless the context clearly indicates otherwise, the  
21 term includes a sublease agreement.

22 (l) "Lease contract" means the total legal obligation that  
23 results from the lease agreement as affected by this article and any

1 other applicable rules of law. Unless the context clearly indicates  
2 otherwise, the term includes a sublease contract.

3 (m) "Leasehold interest" means the interest of the lessor or  
4 the lessee under a lease contract.

5 (n) "Lessee" means a person who acquires the right to  
6 possession and use of goods under a lease. Unless the context  
7 clearly indicates otherwise, the term includes a sublessee.

8 (o) "Lessee in the ordinary course of business" means a person  
9 who in good faith and without knowledge that the lease to him is in  
10 violation of the ownership rights or security interest or leasehold  
11 interest of a third party in the goods leases in the ordinary course  
12 from a person in the business of selling or leasing goods of that  
13 kind but does not include a pawnbroker. "Leasing" may be for cash  
14 or by exchange of other property or on secured or unsecured credit  
15 and includes ~~receiving~~ acquiring goods or documents of title under a  
16 preexisting lease contract but does not include a transfer in bulk  
17 or as security for or in total or partial satisfaction of a money  
18 debt.

19 (p) "Lessor" means a person who transfers the right to  
20 possession and use of goods under a lease. Unless the context  
21 clearly indicates otherwise, the term includes a sublessor.

1 (q) "Lessor's residual interest" means the lessor's interest in  
2 the goods after expiration, termination, or cancellation of the  
3 lease contract.

4 (r) "Lien" means a charge against or interest in goods to  
5 secure payment of a debt or performance of an obligation, but the  
6 term does not include a security interest.

7 (s) "Lot" means a parcel or a single article that is the  
8 subject matter of a separate lease or delivery, whether or not it is  
9 sufficient to perform the lease contract.

10 (t) "Merchant lessee" means a lessee that is a merchant with  
11 respect to goods of the kind subject to the lease.

12 (u) "Present value" means the amount as of a date certain of  
13 one or more sums payable in the future, discounted to the date  
14 certain. The discount is determined by the interest rate specified  
15 by the parties if the rate was not manifestly unreasonable at the  
16 time the transaction was entered into; otherwise, the discount is  
17 determined by a commercially reasonable rate that takes into account  
18 the facts and circumstances of each case at the time the transaction  
19 was entered into.

20 (v) "Purchase" includes taking by sale, lease, mortgage,  
21 security interest, pledge, gift, or any other voluntary transaction  
22 creating an interest in goods.

1 (w) "Sublease" means a lease of goods the right to possession  
2 and use of which was acquired by the lessor as a lessee under an  
3 existing lease.

4 (x) "Supplier" means a person from whom a lessor buys or leases  
5 goods to be leased under a finance lease.

6 (y) "Supply contract" means a contract under which a lessor  
7 buys or leases goods to be leased.

8 (z) "Termination" occurs when either party pursuant to a power  
9 created by agreement or law puts an end to the lease contract  
10 otherwise than for default.

11 (2) Other definitions applying to this article and the sections  
12 in which they appear are:

13 "Accessions". Subsection (1) of Section 2A-310 of this title.

14 "Construction mortgage". Paragraph (d) of subsection (1) of  
15 Section 2A-309 of this title.

16 "Encumbrance". Paragraph (e) of subsection (1) of Section 2A-  
17 309 of this title.

18 "Fixtures". Paragraph (a) of subsection (1) of Section 2A-309  
19 of this title.

20 "Fixture filing". Paragraph (b) of subsection (1) of Section  
21 2A-309 of this title.

22 "Purchase money lease". Paragraph (c) of subsection (1) of  
23 Section 2A-309 of this title.

1 (3) The following definitions in other articles apply to this  
2 article:

3 "Account". Paragraph (2) of subsection (a) of Section 1-9-102  
4 of this title.

5 "Between merchants". Subsection (3) of Section 2-104 of this  
6 title.

7 "Buyer". Paragraph (a) of subsection (1) of Section 2-103 of  
8 this title.

9 "Chattel paper". Paragraph (11) of subsection (a) of Section  
10 1-9-102 of this title.

11 "Consumer goods". Paragraph (23) of subsection (a) of Section  
12 1-9-102 of this title.

13 "Document". Paragraph (30) of subsection (a) of Section 1-9-102  
14 of this title.

15 "Entrusting". Paragraph (3) of Section 2-403 of this title.

16 "General intangible". Paragraph (42) of subsection (a) of  
17 Section 1-9-102 of this title.

18 "Good faith". Paragraph (b) of subsection (1) of Section 2-103  
19 of this title.

20 "Instrument". Paragraph (47) of subsection (a) of Section  
21 1-9-102 of this title.

22 "Merchant". Subsection (1) of Section 2-104 of this title.

1 "Mortgage". Paragraph (55) of subsection (a) of Section 1-9-102  
2 of this title.

3 "Pursuant to commitment". Paragraph (68) of subsection (a) of  
4 Section 1-9-102 of this title.

5 "Receipt". Subsection (c) of paragraph (1) of Section 2-103 of  
6 this title.

7 "Sale". Paragraph (1) of Section 2-106 of this title.

8 "Sale on approval". Section 2-326 of this title.

9 "Sale or return". Section 2-326 of this title.

10 "Seller". Subparagraph (d) of paragraph (1) of Section 2-103 of  
11 this title.

12 (4) In addition, Article 1 of this title, contains general  
13 definitions and principles of construction and interpretation  
14 applicable throughout this article.

15 SECTION 54. AMENDATORY 12A O.S. 2001, Section 2A-514, is  
16 amended to read as follows:

17 Section 2A-514.

18 WAIVER OF LESSEE'S OBJECTIONS

19 (1) In rejecting goods, a lessee's failure to state a  
20 particular defect that is ascertainable by reasonable inspection  
21 precludes the lessee from relying on the defect to justify rejection  
22 or to establish default:

1 (a) if, stated seasonably, the lessor or the supplier could  
2 have cured it (Section ~~60~~ 2A-213 of this ~~act~~ title); or

3 (b) between merchants if the lessor or the supplier after  
4 rejection has made a request in writing for a full and final written  
5 statement of all defects on which the lessee proposes to rely.

6 (2) A lessee's failure to reserve rights when paying rent or  
7 other consideration against documents precludes recovery of the  
8 payment for defects apparent ~~on the face of~~ in the documents.

9 SECTION 55. AMENDATORY 2A O.S. 2001, Section 2A-526, is  
10 amended to read as follows:

11 Section 2A-526.

12 LESSOR'S STOPPAGE OF DELIVERY IN TRANSIT OR OTHERWISE

13 (1) A lessor may stop delivery of goods in the possession of a  
14 carrier or other bailee if the lessor discovers the lessee to be  
15 insolvent and may stop delivery of carload, truckload, planeload, or  
16 larger shipments of express or freight if the lessee repudiates or  
17 fails to make a payment due before delivery, whether for rent,  
18 security or otherwise under the lease contract, or for any other  
19 reason the lessor has a right to withhold or take possession of the  
20 goods.

21 (2) In pursuing its remedies under subsection (1) of this  
22 section, the lessor may stop delivery until:

23 (a) receipt of the goods by the lessee;

1 (b) acknowledgement to the lessee by any bailee of the goods,  
2 except a carrier, that the bailee holds the goods for the lessee; or

3 (c) such an acknowledgment to the lessee by a carrier via  
4 reshipment or as ~~warehouseman~~ a warehouse.

5 (3) (a) To stop delivery, a lessor shall so notify as to  
6 enable the bailee by reasonable diligence to prevent delivery of the  
7 goods.

8 (b) After notification, the bailee shall hold and deliver the  
9 goods according to the directions of the lessor, but the lessor is  
10 liable to the bailee for any ensuing charges or damages.

11 (c) A carrier who has issued a nonnegotiable bill of lading is  
12 not obligated to obey a notification to stop received from a person  
13 other than the consignor.

14 SECTION 56. AMENDATORY 12A O.S. 2001, Section 4-104, is  
15 amended to read as follows:

16 Section 4-104.

17 DEFINITIONS AND INDEX OF DEFINITIONS

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

19 (1) "Account" means any deposit or credit account with a bank,  
20 including a demand, time, savings, passbook, share draft, or like  
21 account, other than an account evidenced by a certificate of  
22 deposit;

- 1           (2) "Afternoon" means the period of a day between noon and  
2 midnight;
- 3           (3) "Banking day" means the part of a day on which a bank is  
4 open to the public for carrying on substantially all of its banking  
5 functions;
- 6           (4) "Clearing house" means an association of banks or other  
7 payors regularly clearing items;
- 8           (5) "Customer" means a person having an account with a bank or  
9 for whom a bank has agreed to collect items, including a bank that  
10 maintains an account at another bank;
- 11          (6) "Documentary draft" means a draft to be presented for  
12 acceptance or payment if specified documents, certified securities  
13 (Section 8-102 of this title) or instructions for uncertificated  
14 securities (Section 8-102 of this title) or other certificates,  
15 statements, or the like are to be received by the drawee or other  
16 payor before acceptance or payment of the draft;
- 17          (7) "Draft" means a draft as defined in Section 3-104 of this  
18 title or an item, other than an instrument, that is an order;
- 19          (8) "Drawee" means a person ordered in a draft to make payment;
- 20          (9) "Item" means an instrument or a promise or order to pay  
21 money handled by a bank for collection or payment. The term does  
22 not include a payment order governed by Article 4A of this title or  
23 a credit or debit card slip;

1           (10) "Midnight deadline" with respect to a bank is midnight on  
2 its next banking day following the banking day on which it receives  
3 the relevant item or notice or from which the time for taking action  
4 commences to run, whichever is later;

5           (11) "Settle" means to pay in cash, by clearing-house  
6 settlement, in a charge or credit or by remittance, or otherwise as  
7 agreed. A settlement may be either provisional or final; and

8           (12) "Suspends payments" with respect to a bank means that it  
9 has been closed by order of the supervisory authorities, that a  
10 public officer has been appointed to take it over or that it ceases  
11 or refuses to make payments in the ordinary course of business.

12           (b) Other definitions applying to this article and the sections  
13 of this title in which they appear are:

14           "Agreement for electronic presentment" Section 4-110.

15           "Bank" Section 4-105.

16           "Collecting bank" Section 4-105.

17           "Depositary bank" Section 4-105.

18           "Intermediary bank" Section 4-105.

19           "Payor bank" Section 4-105.

20           "Presenting bank" Section 4-105.

21           "Presentment Notice" Section 4-110.

1 (c) ~~The~~ "Control" as provided in Section 7-106 of this title  
2 and the following definitions in other articles of this title apply  
3 to this article:

- 4 "Acceptance" Section 3-409.  
5 "Alteration" Section 3-407.  
6 "Cashier's check" Section 3-104.  
7 "Certificate of deposit" Section 3-104.  
8 "Certified check" Section 3-409.  
9 "Check" Section 3-104.  
10 "Draft" Section 3-104.  
11 "Good faith" Section 3-103.  
12 "Holder in due course" Section 3-302.  
13 "Instrument" Section 3-104.  
14 "Notice of dishonor" Section 3-503.  
15 "Order" Section 3-103.  
16 "Ordinary care" Section 3-103.  
17 "Person entitled to enforce" Section 3-301.  
18 "Presentment" Section 3-501.  
19 "Promise" Section 3-103.  
20 "Prove" Section 3-103.  
21 "Teller's check" Section 3-104.  
22 "Unauthorized signature" Section 3-403.

1 (d) In addition, Article 1 of this title contains general  
2 definitions and principles of construction and interpretation  
3 applicable throughout this article.

4 SECTION 57. AMENDATORY 12A O.S. 2001, Section 4-210, is  
5 amended to read as follows:

6 Section 4-210.

7 SECURITY INTEREST OF COLLECTING BANK IN ITEMS,  
8 ACCOMPANYING DOCUMENTS AND PROCEEDS

9 (a) A collecting bank has a security interest in an item and  
10 any accompanying documents or the proceeds of either:

11 (1) In case of an item deposited in an account, to the extent  
12 to which credit given for the item has been withdrawn or applied;

13 (2) In case of an item for which it has given credit available  
14 for withdrawal as of right, to the extent of the credit given,  
15 whether or not the credit is drawn upon or there is a right of  
16 charge-back; or

17 (3) If it makes an advance on or against the item.

18 (b) If credit given for several items received at one time or  
19 pursuant to a single agreement is withdrawn or applied in part, the  
20 security interest remains upon all the items, any accompanying  
21 documents or the proceeds of either. For the purpose of this  
22 section, credits first given are first withdrawn.

1 (c) Receipt by a collecting bank of a final settlement for an  
2 item is a realization on its security interest in the item,  
3 accompanying documents, and proceeds. So long as the bank does not  
4 receive final settlement for the item or give up possession of the  
5 item or possession or control of the accompanying documents for  
6 purposes other than collection, the security interest continues to  
7 that extent and is subject to Article 9 of this title, but:

8 (1) No security agreement is necessary to make the security  
9 interest enforceable (subparagraph (A) of paragraph (3) of  
10 subsection (b) of Section 1-9-203 of this title);

11 (2) No filing is required to perfect the security interest; and

12 (3) The security interest has priority over conflicting  
13 perfected security interests in the item, accompanying documents, or  
14 proceeds.

15 SECTION 58. AMENDATORY 12A O.S. 2001, Section 8-103, is  
16 amended to read as follows:

17 Section 8-103. Rules for Determining Whether Certain  
18 Obligations and Interests Are Securities or Financial Assets.

19 (a) A share or similar equity interest issued by a corporation,  
20 business trust, joint stock company, or similar entity is a  
21 security.

22 (b) An "investment company security" is a security.

23 "Investment company security" means a share or similar equity

1 interest issued by an entity that is registered as an investment  
2 company under the federal investment company laws, an interest in a  
3 unit investment trust that is so registered, or a face-amount  
4 certificate issued by a face-amount certificate company that is so  
5 registered. Investment company security does not include an  
6 insurance policy or endowment policy or annuity contract issued by  
7 an insurance company.

8 (c) An interest in a partnership or limited liability company  
9 is not a security unless it is dealt in or traded on securities  
10 exchanges or in securities markets, its terms expressly provide that  
11 it is a security governed by this article, or it is an investment  
12 company security. However, an interest in a partnership or limited  
13 liability company is a financial asset if it is held in a securities  
14 account.

15 (d) A writing that is a security certificate is governed by  
16 this article and not by Article 3 of this code, even though it also  
17 meets the requirements of that article. However, a negotiable  
18 instrument governed by Article 3 of this code is a financial asset  
19 if it is held in a securities account.

20 (e) An option or similar obligation issued by a clearing  
21 corporation to its participants is not a security, but is a  
22 financial asset.

1 (f) A commodity contract, as defined in paragraph (15) of  
2 subsection (a) of Section 1-9-102 of this title, is not a security  
3 or a financial asset.

4 (g) A document of title is not a financial asset unless  
5 subparagraph (iii) of paragraph (9) of subsection (a) of Section 8-  
6 102 of this title applies.

7 SECTION 59. AMENDATORY 12A O.S. 2001, Section 1-9-102,  
8 as amended by Section 1, Chapter 153, O.S.L. 2004 (12A O.S. Supp.  
9 2004, Section 1-9-102), is amended to read as follows:

10 Section 1-9-102.

11 DEFINITIONS AND INDEX OF DEFINITIONS

12 (a) In this article:

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

16 (2) (A) "Account", except as used in "account for", means a  
17 right to payment of a monetary obligation, whether or  
18 not earned by performance:

19 (i) for property that has been or is to be sold,  
20 leased, licensed, assigned, or otherwise disposed  
21 of;

22 (ii) for services rendered or to be rendered;

23 (iii) for a policy of insurance issued or to be issued;

- 1 (iv) for a secondary obligation incurred or to be  
2 incurred;
- 3 (v) for energy provided or to be provided;
- 4 (vi) for the use or hire of a vessel under a charter  
5 or other contract;
- 6 (vii) arising out of the use of a credit or charge card  
7 or information contained on or for use with the  
8 card; or
- 9 (viii) as winnings in a lottery or other game of chance  
10 operated or sponsored by a state, governmental  
11 unit of a state, or a person licensed or  
12 authorized to operate the game by a state or  
13 governmental unit of a state.
- 14 (B) The term includes health-care-insurance receivables.
- 15 (C) The term does not include:
- 16 (i) rights to payment evidenced by chattel paper or  
17 an instrument;
- 18 (ii) commercial tort claims;
- 19 (iii) deposit accounts;
- 20 (iv) investment property;
- 21 (v) letter-of-credit rights or letters of credit; or
- 22 (vi) rights to payment for money or funds advanced or  
23 sold, other than rights arising out of the use of

1 a credit or charge card or information contained  
2 on or for use with the card.

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

7 (4) "Accounting", except as used in "accounting for", means a  
8 record:

9 (A) authenticated by a secured party;

10 (B) indicating the aggregate unpaid secured obligations as  
11 of a date not more than thirty-five (35) days earlier  
12 or thirty-five (35) days later than the date of the  
13 record; and

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

16 (5) "Agricultural lien" means an interest in farm products:

17 (A) which secures payment or performance of an obligation  
18 for:

19 (i) goods or services furnished in connection with a  
20 debtor's farming operation; or

21 (ii) rent on real property leased by a debtor in  
22 connection with its farming operation;

23 (B) which is created by statute in favor of a person that:

1 (i) in the ordinary course of its business furnished  
2 goods or services to a debtor in connection with  
3 a debtor's farming operation; or  
4 (ii) leased real property to a debtor in connection  
5 with the debtor's farming operation; and  
6 (C) whose effectiveness does not depend on the person's  
7 possession of the personal property.

8 (6) "As-extracted collateral" means:

9 (A) oil, gas, or other minerals that are subject to a  
10 security interest that:

11 (i) is created by a debtor having an interest in the  
12 minerals before extraction; and

13 (ii) attaches to the minerals as extracted; or

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

17 (7) "Authenticate" means:

18 (A) to sign; or

19 (B) to execute or otherwise adopt a symbol, or encrypt or  
20 similarly process a record in whole or in part, with  
21 the present intent of the authenticating person to  
22 identify the person and adopt or accept a record.

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

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

6           (10) "Certificate of title" means a certificate of title with  
7 respect to which a statute provides for the security interest in  
8 question to be indicated on the certificate as a condition or result  
9 of the security interest's obtaining priority over the rights of a  
10 lien creditor with respect to the collateral.

11          (11) "Chattel paper" means a record or records that evidence  
12 both a monetary obligation and a security interest in specific  
13 goods, a security interest in specific goods and software used in  
14 the goods, a security interest in specific goods and license of  
15 software used in the goods, a lease of specific goods, or a lease of  
16 specific goods and license of software used in the goods. In this  
17 paragraph, "monetary obligation" means a monetary obligation secured  
18 by the goods or owed under a lease of goods and includes a monetary  
19 obligation with respect to software used in the goods. The term  
20 does not include charters or other contracts involving the use or  
21 hire of a vessel. If a transaction is evidenced by records that  
22 include an instrument or series of instruments, the group of records  
23 taken together constitutes chattel paper.

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

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

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

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

7           (13) "Commercial tort claim" means a claim arising in tort with  
8 respect to which:

9           (A) the claimant is an organization; or

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

11           (i) arose in the course of the claimant's business or  
12           profession; and

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

15          (14) "Commodity account" means an account maintained by a  
16 commodity intermediary in which a commodity contract is carried for  
17 a commodity customer.

18          (15) "Commodity contract" means a commodity futures contract,  
19 an option on a commodity futures contract, a commodity option, or  
20 another contract if the contract or option is:

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

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

4 (16) "Commodity customer" means a person for which a commodity  
5 intermediary carries a commodity contract on its books.

6 (17) "Commodity intermediary" means a person that:

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

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

13 (18) "Communicate" means:

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

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

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

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

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

4           (A) the merchant:

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

7                 (ii) is not an auctioneer; and

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

11           (B) with respect to each delivery, the aggregate value of  
12                         the goods is One Thousand Dollars (\$1,000.00) or more  
13                         at the time of delivery;

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

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

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

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

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

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

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

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

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

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

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

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

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

23          (28) "Debtor" means:

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

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

6 (C) a consignee.

7 (29) "Deposit account" means a demand, time, savings, passbook,  
8 or similar account maintained with a bank as defined in paragraph  
9 (8) of this subsection. The term does not include investment  
10 property or a deposit account evidenced by an instrument.

11 (30) "Document" means a document of title or a receipt of the  
12 type described in ~~paragraph (2)~~ subsection (b) of Section 7-201 of  
13 this title.

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

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

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

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

4           (A) crops grown, growing, or to be grown, including:  
5                 (i) crops produced on trees, vines, and bushes; and  
6                 (ii) aquatic goods produced in aquacultural  
7                         operations;

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

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

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

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

16           (36) "File number" means the number assigned to an initial  
17 financing statement pursuant to subsection (a) of Section 1-9-519 of  
18 this title.

19           (37) "Filing office" means an office designated in Section  
20 1-9-501 as the place to file a financing statement.

21           (38) "Filing-office rule" means a rule adopted pursuant to  
22 Section 1-9-526 and 1-9-526.1 of this title.

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

4           (40) "Fixture filing" means the filing of a financing statement  
5 covering goods that are or are to become fixtures and satisfying  
6 subsections (a) and (b) of Section 1-9-502 of this title. The term  
7 includes the filing of a financing statement covering goods of a  
8 transmitting utility which are or are to become fixtures.

9           (41) "Fixtures" means goods that have become so related to  
10 particular real property that an interest in them arises under real  
11 property law.

12           (42) "General intangible" means any personal property,  
13 including things in action, other than accounts, chattel paper,  
14 commercial tort claims, deposit accounts, documents, goods,  
15 instruments, investment property, letter-of-credit rights, letters  
16 of credit, money, and oil, gas, or other minerals before extraction.  
17 The term includes payment intangibles and software.

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

20           (44) (A) "Goods" means all things that are movable when a  
21 security interest attaches.

22                   (B) The term includes:

23                           (i) fixtures;

- 1 (ii) standing timber that is to be cut and removed  
2 under a conveyance or contract for sale;
- 3 (iii) the unborn young of animals;
- 4 (iv) crops grown, growing, or to be grown, even if the  
5 crops are produced on trees, vines, or bushes;  
6 and
- 7 (v) manufactured homes.
- 8 (C) The term also includes a computer program embedded in  
9 goods and any supporting information provided in  
10 connection with a transaction relating to the program  
11 if:
- 12 (i) the program is associated with the goods in such  
13 a manner that it customarily is considered part  
14 of the goods; or
- 15 (ii) by becoming the owner of the goods, a person  
16 acquires a right to use the program in connection  
17 with the goods.
- 18 (D) The term does not include a computer program which is  
19 embedded in goods and that consist solely of the  
20 medium in which the program is embedded.
- 21 (E) The term also does not include accounts, chattel  
22 paper, commercial tort claims, deposit accounts,  
23 documents, general intangibles, instruments,

1 investment property, letter-of-credit rights, letters  
2 of credit, money, or oil, gas, or other minerals  
3 before extraction.

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

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

14 (47) (A) "Instrument" means a negotiable instrument or any  
15 other writing that evidences a right to the payment of  
16 a monetary obligation, is not itself a security  
17 agreement or lease, and is of a type that in ordinary  
18 course of business is transferred by delivery with any  
19 necessary endorsement or assignment.

20 (B) "Instrument" includes:

21 (i) an instrument as defined in subparagraph (A) of  
22 this paragraph, whether the instrument is subject

1 to Section 3-104 of this title because it is not  
2 payable to order; and  
3 (ii) a writing that contains both an acknowledgment by  
4 a bank as defined in paragraph (8) of this  
5 subsection that a sum of money has been received  
6 by the bank and its promise to repay the sum of  
7 money, which is considered a certificate of  
8 deposit by the bank issuing it, even if the  
9 writing provides that it is nontransferable or  
10 uses similar language.

11 (C) The term does not include:  
12 (i) investment property;  
13 (ii) letters of credit; or  
14 (iii) writings that evidence a right to payment arising  
15 out of the use of a credit or charge card or  
16 information contained on or for use with the  
17 card.

18 (48) "Inventory" means goods, other than farm products, which:  
19 (A) are leased by a person as lessor;  
20 (B) are held by a person for sale or lease or to be  
21 furnished under a contract of service;  
22 (C) are furnished by a person under a contract of service;  
23 or

1 (D) consist of raw materials, work in process, or  
2 materials used or consumed in a business.

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

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

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

14 (52) "Lien creditor" means:

15 (A) a creditor that has acquired a lien on the property  
16 involved by attachment, levy, or the like;

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

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

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

22 (53) (A) "Manufactured home" means a structure, transportable  
23 in one or more sections, which:

1 (i) in the traveling mode, is eight body feet or more  
2 in width or forty (40) body feet or more in  
3 length, or, when erected on site, is three  
4 hundred twenty (320) or more square feet,  
5 (ii) is built on a permanent chassis,  
6 (iii) is designed to be used as a dwelling with or  
7 without a permanent foundation when connected to  
8 the required utilities, and  
9 (iv) includes the plumbing, heating, air-conditioning,  
10 and electrical systems contained therein.

11 (B) The term includes any structure that meets all of the  
12 requirements of this paragraph except the size  
13 requirements and with respect to which the  
14 manufacturer voluntarily files a certification  
15 required by the United States Secretary of Housing and  
16 Urban Development and complies with the standards  
17 established under Title 42 of the United States Code.

18 (54) "Manufactured-home transaction" means a secured  
19 transaction:

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

1 (B) in which a manufactured home, other than a  
2 manufactured home held as inventory, is the primary  
3 collateral.

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

7 (56) "New debtor" means a person that becomes bound as a debtor  
8 under subsection (d) of Section 1-9-203 of this title by a security  
9 agreement previously entered into by another person.

10 (57) (A) "New value" means:

11 (i) money;

12 (ii) money's worth in property, services, or new  
13 credit; or

14 (iii) release by a transferee of an interest in  
15 property previously transferred to the  
16 transferee.

17 (B) The term does not include an obligation substituted  
18 for another obligation.

19 (58) "Noncash proceeds" means proceeds other than cash  
20 proceeds.

21 (59) (A) "Obligor" means a person that, with respect to an  
22 obligation secured by a security interest in or an  
23 agricultural lien on the collateral:

- 1 (i) owes payment or other performance of the  
2 obligation;
- 3 (ii) has provided property other than the collateral  
4 to secure payment or other performance of the  
5 obligation; or
- 6 (iii) is otherwise accountable in whole or in part for  
7 payment or other performance of the obligation.

8 (B) The term does not include issuers or nominated persons  
9 under a letter of credit.

10 (60) "Original debtor" means a person that, as debtor, entered  
11 into a security agreement to which a new debtor has become bound  
12 under subsection (d) of Section 1-9-203 of this title.

13 (61) "Payment intangible" means a general intangible under  
14 which the account debtor's principal obligation is a monetary  
15 obligation.

16 (62) "Person related to", with respect to an individual, means:  
17 (A) the spouse of the individual;  
18 (B) a brother, brother-in-law, sister, or sister-in-law of  
19 the individual;  
20 (C) an ancestor or lineal descendant of the individual or  
21 the individual's spouse; or

1 (D) any other relative, by blood or marriage, of the  
2 individual or the individual's spouse who shares the  
3 same home with the individual.

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

- 6 (A) a person directly or indirectly controlling,  
7 controlled by, or under common control with the  
8 organization;
- 9 (B) an officer or director of, or a person performing  
10 similar functions with respect to, the organization;
- 11 (C) an officer or director of, or a person performing  
12 similar functions with respect to, a person described  
13 in subparagraph (A);
- 14 (D) the spouse of an individual described in subparagraph  
15 (A), (B), or (C) of this paragraph; or
- 16 (E) an individual who is related by blood or marriage to  
17 an individual described in subparagraph (A), (B), (C),  
18 or (D) of this paragraph and who shares the same home  
19 with the individual.

20 (64) "Proceeds" means the following property:

- 21 (A) whatever is acquired upon the sale, lease, license,  
22 exchange, or other disposition of collateral;

1 (B) whatever is collected on, or distributed on account  
2 of, collateral;  
3 (C) rights arising out of collateral;  
4 (D) to the extent of the value of collateral, claims  
5 arising out of the loss, nonconformity, or  
6 interference with the use of, defects or infringement  
7 of rights in, or damage to, the collateral; or  
8 (E) to the extent of the value of collateral and to the  
9 extent payable to the debtor or the secured party,  
10 insurance payable by reason of the loss or  
11 nonconformity of, defects or infringement of rights  
12 in, or damage to, the collateral.

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

17 (66) "Proposal" means a record authenticated by a secured party  
18 which includes the terms on which the secured party is willing to  
19 accept collateral in full or partial satisfaction of the obligation  
20 it secures pursuant to Sections 1-9-620, 1-9-621, and 1-9-622 of  
21 this title.

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

- 1 (A) debt securities are issued;
- 2 (B) all or a portion of the securities issued have an  
3 initial stated maturity of at least twenty (20) years;  
4 and
- 5 (C) the debtor, obligor, secured party, account debtor or  
6 other person obligated on collateral, assignor or  
7 assignee of a secured obligation, or assignor or  
8 assignee of a security interest is a state or a  
9 governmental unit of a state.

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

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

19 (70) "Registered organization" means an organization organized  
20 solely under the law of a single state or the United States and as  
21 to which the state or the United States must maintain a public  
22 record showing the organization to have been organized.

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

- 1 (A) the obligor's obligation is secondary; or  
2 (B) the obligor has a right of recourse with respect to an  
3 obligation secured by collateral against the debtor,  
4 another obligor, or property of either.

5 (72) "Secured party" means:

- 6 (A) a person in whose favor a security interest is created  
7 or provided for under a security agreement, whether or  
8 not any obligation to be secured is outstanding;  
9 (B) a person that holds an agricultural lien;  
10 (C) a consignor;  
11 (D) a person to which accounts, chattel paper, payment  
12 intangibles, or promissory notes have been sold;  
13 (E) a trustee, indenture trustee, agent, collateral agent,  
14 or other representative in whose favor a security  
15 interest or agricultural lien is created or provided  
16 for; or  
17 (F) a person that holds a security interest arising under  
18 Section 2-401, 2-505, paragraph (3) of Section 2-711,  
19 paragraph (5) of Section 2A-508, 4-210, or 5-118 of  
20 this title.

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

1           (74) "Send", in connection with a record or notification,  
2 means:

3           (A) to deposit in the mail, deliver for transmission, or  
4           transmit by any other usual means of communication,  
5           with postage or cost of transmission provided for,  
6           addressed to any address reasonable under the  
7           circumstances; or

8           (B) to cause the record or notification to be received  
9           within the time that it would have been received if  
10          properly sent under subparagraph (A) of this  
11          paragraph.

12          (75) "Software" means a computer program and any supporting  
13 information provided in connection with a transaction relating to  
14 the program. The term does not include a computer program that is  
15 included in the definition of goods.

16          (76) "State" means a state of the United States, the District  
17 of Columbia, Puerto Rico, the United States Virgin Islands, or any  
18 territory or insular possession subject to the jurisdiction of the  
19 United States.

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

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

4 (79) "Termination statement" means an amendment of a financing  
5 statement which:

- 6 (A) identifies, by its file number, the initial financing  
7 statement to which it relates; and  
8 (B) indicates either that it is a termination statement or  
9 that the identified financing statement is no longer  
10 effective.

11 (80) "Transmitting utility" means a person primarily engaged in  
12 the business of:

- 13 (A) operating a railroad, subway, street railway, or  
14 trolley bus;  
15 (B) transmitting communications electrically,  
16 electromagnetically, or by light;  
17 (C) transmitting goods by pipeline or sewer; or  
18 (D) transmitting or producing and transmitting  
19 electricity, steam, gas, or water.

20 (b) ~~The~~ "Control" as provided in Section 7-106 of this title  
21 and the following definitions in other articles of this title apply  
22 to this article:

23 "Applicant" - Section 5-102 of this title.

1 "Beneficiary" - Section 5-102 of this title.  
2 "Broker" - Section 8-102 of this title.  
3 "Certificated security" - Section 8-102 of this title.  
4 "Check" - Section 3-104 of this title.  
5 "Clearing corporation" - Section 8-102 of this title.  
6 "Contract for sale" - Section 2-106 of this title.  
7 "Customer" - Section 4-104 of this title.  
8 "Entitlement holder" - Section 8-102 of this title.  
9 "Financial asset" - Section 8-102 of this title.  
10 "Holder in due course" - Section 3-302 of this title.  
11 "Issuer" (with respect to a letter of credit or letter-of-credit  
12 right)- Section 5-102 of this title.  
13 "Issuer" - (with respect to a security) - Section 8-201 of this  
14 title.  
15 "Issuer" - (with respect to documents of title) - Section 7-102  
16 of this title.  
17 "Lease" - Section 2A-103 of this title.  
18 "Lease agreement" - Section 2A-103 of this title.  
19 "Lease contract" - Section 2A-103 of this title.  
20 "Leasehold interest" - Section 2A-103 of this title.  
21 "Lessee" - Section 2A-103 of this title.  
22 "Lessee in ordinary course of business" - Section 2A-103 of this  
23 title.

1 "Lessor" - Section 2A-103 of this title.  
2 "Lessor's residual interest" - Section 2A-103 of this title.  
3 "Letter of credit" - Section 5-102 of this title.  
4 "Merchant" - Section 2-104 of this title.  
5 "Negotiable instrument" - Section 3-104 of this title.  
6 "Nominated person" - Section 5-102 of this title.  
7 "Note" - Section 3-104 of this title.  
8 "Proceeds of a letter of credit" - Section 5-114 of this title.  
9 "Prove" - Section 3-103 of this title.  
10 "Sale" - Section 2-106 of this title.  
11 "Securities account" - Section 8-501 of this title.  
12 "Securities intermediary" - Section 8-102 of this title.  
13 "Security" - Section 8-102 of this title.  
14 "Security certificate" - Section 8-102 of this title.  
15 "Security entitlement" - Section 8-102 of this title.  
16 "Uncertificated security" - Section 8-102 of this title.

17 (c) Article 1 of this title contains general definitions and  
18 principles of construction and interpretation applicable throughout  
19 this article.

20 SECTION 60. AMENDATORY 12A O.S. 2001, Section 1-9-203,  
21 is amended to read as follows:

22 Section 1-9-203.

23 ATTACHMENT AND ENFORCEABILITY OF SECURITY INTEREST;

1           PROCEEDS; SUPPORTING OBLIGATIONS; FORMAL REQUISITES

2           (a) A security interest attaches to collateral when it becomes  
3 enforceable against the debtor with respect to the collateral,  
4 unless an agreement expressly postpones the time of attachment.

5           (b) Except as otherwise provided in subsections (c) through (i)  
6 of this section, a security interest is enforceable against the  
7 debtor and third parties with respect to the collateral only if:

8           (1) value has been given;

9           (2) the debtor has rights in the collateral or the power to  
10 transfer rights in the collateral to a secured party; and

11          (3) one of the following conditions is met:

12           (A) the debtor has authenticated a security agreement that  
13 provides a description of the collateral and, if the  
14 security interest covers timber to be cut, a  
15 description of the land concerned;

16           (B) the collateral is not a certificated security and is  
17 in the possession of the secured party under Section  
18 1-9-313 of this title pursuant to the debtor's  
19 security agreement;

20           (C) the collateral is a certificated security in  
21 registered form and the security certificate has been  
22 delivered to the secured party under Section 8-301 of

1           this title pursuant to the debtor's security  
2           agreement; or  
3           (D) the collateral is deposit accounts, electronic chattel  
4           paper, investment property, ~~or~~ letter-of-credit  
5           rights, or electronic documents, and the secured party  
6           has control under Section 7-106, 1-9-104, 1-9-105,  
7           1-9-106, or 1-9-107 of this title pursuant to the  
8           debtor's security agreement.

9           (c) Subsection (b) of this section is subject to Section 4-210  
10          of this title on the security interest of a collecting bank, Section  
11          5-118 of this title on the security interest of a letter-of-credit  
12          issuer or nominated person, Section 1-9-110 of this title on a  
13          security interest arising under Article 2 or 2A of this title, and  
14          Section 1-9-206 of this title on security interests in investment  
15          property.

16          (d) A person becomes bound as debtor by a security agreement  
17          entered into by another person if, by operation of law other than  
18          this article or by contract:

19           (1) the security agreement becomes effective to create a  
20          security interest in the person's property; or

21           (2) the person becomes generally obligated for the obligations  
22          of the other person, including the obligation secured under the

1 security agreement, and acquires or succeeds to all or substantially  
2 all of the assets of the other person.

3 (e) If a new debtor becomes bound as debtor by a security  
4 agreement entered into by another person:

5 (1) the agreement satisfies paragraph (3) of subsection (b) of  
6 this section with respect to existing or after-acquired property of  
7 the new debtor to the extent the property is described in the  
8 agreement; and

9 (2) another agreement is not necessary to make a security  
10 interest in the property enforceable.

11 (f) The attachment of a security interest in collateral gives  
12 the secured party the rights to proceeds provided by Section 1-9-315  
13 of this title and is also attachment of a security interest in a  
14 supporting obligation for the collateral.

15 (g) The attachment of a security interest in a right to payment  
16 or performance secured by a security interest or other lien on  
17 personal or real property is also attachment of a security interest  
18 in the security interest, mortgage, or other lien.

19 (h) The attachment of a security interest in a securities  
20 account is also attachment of a security interest in the security  
21 entitlements carried in the securities account.

1 (i) The attachment of a security interest in a commodity  
2 account is also attachment of a security interest in the commodity  
3 contracts carried in the commodity account.

4 SECTION 61. AMENDATORY 12A O.S. 2001, Section 1-9-207,  
5 is amended to read as follows:

6 Section 1-9-207.

7 RIGHTS AND DUTIES OF SECURED PARTY

8 HAVING POSSESSION OR CONTROL OF COLLATERAL

9 (a) Except as otherwise provided in subsection (d) of this  
10 section, a secured party shall use reasonable care in the custody  
11 and preservation of collateral in the secured party's possession.  
12 In the case of chattel paper or an instrument, reasonable care  
13 includes taking necessary steps to preserve rights against prior  
14 parties unless otherwise agreed.

15 (b) Except as otherwise provided in subsection (d) of this  
16 section, if a secured party has possession of collateral:

17 (1) reasonable expenses, including the cost of insurance and  
18 payment of taxes or other charges, incurred in the custody,  
19 preservation, use, or operation of the collateral are chargeable to  
20 the debtor and are secured by the collateral;

21 (2) the risk of accidental loss or damage is on the debtor to  
22 the extent of a deficiency in any effective insurance coverage;

1 (3) the secured party shall keep the collateral identifiable,  
2 but fungible collateral may be commingled; and

3 (4) the secured party may use or operate the collateral:

4 (A) for the purpose of preserving the collateral or its  
5 value;

6 (B) as permitted by an order of a court having competent  
7 jurisdiction; or

8 (C) except in the case of consumer goods, in the manner  
9 and to the extent agreed by the debtor.

10 (c) Except as otherwise provided in subsection (d) of this  
11 section, a secured party having possession of collateral or control  
12 of collateral under Section 7-106, 1-9-104, 1-9-105, 1-9-106, or  
13 1-9-107 of this title:

14 (1) may hold as additional security any proceeds, except money  
15 or funds, received from the collateral;

16 (2) shall apply money or funds received from the collateral to  
17 reduce the secured obligation, unless remitted to the debtor; and

18 (3) may create a security interest in the collateral.

19 (d) If the secured party is a buyer of accounts, chattel paper,  
20 payment intangibles, or promissory notes or a consignor:

21 (1) subsection (a) of this section does not apply unless the  
22 secured party is entitled under an agreement:

23 (A) to charge back uncollected collateral; or

1 (B) otherwise to full or limited recourse against the  
2 debtor or a secondary obligor based on the nonpayment  
3 or other default of an account debtor or other obligor  
4 on the collateral; and

5 (2) subsections (b) and (c) of this section do not apply.

6 SECTION 62. AMENDATORY 12A O.S. 2001, Section 1-9-208,  
7 is amended to read as follows:

8 Section 1-9-208.

9 ADDITIONAL DUTIES OF SECURED PARTY

10 HAVING CONTROL OF COLLATERAL

11 (a) This section applies to cases in which there is no  
12 outstanding secured obligation and the secured party is not  
13 committed to make advances, incur obligations, or otherwise give  
14 value.

15 (b) Within ten (10) days after receiving an authenticated  
16 demand by the debtor:

17 (1) a secured party having control of a deposit account under  
18 paragraph (2) of subsection (a) of Section 1-9-104 of this title  
19 shall send to the bank with which the deposit account is maintained  
20 an authenticated statement that releases the bank from any further  
21 obligation to comply with instructions originated by the secured  
22 party;

1           (2) a secured party having control of a deposit account under  
2 paragraph (3) of subsection (a) of Section 1-9-104 of this title  
3 shall:

4           (A) pay the debtor the balance on deposit in the deposit  
5           account; or

6           (B) transfer the balance on deposit into a deposit account  
7           in the debtor's name;

8           (3) a secured party, other than a buyer, having control of  
9 electronic chattel paper under Section 1-9-105 of this title shall:

10          (A) communicate the authoritative copy of the electronic  
11          chattel paper to the debtor or its designated  
12          custodian;

13          (B) if the debtor designates a custodian that is the  
14          designated custodian with which the authoritative copy  
15          of the electronic chattel paper is maintained for the  
16          secured party, communicate to the custodian an  
17          authenticated record releasing the designated  
18          custodian from any further obligation to comply with  
19          instructions originated by the secured party and  
20          instructing the custodian to comply with instructions  
21          originated by the debtor; and

22          (C) take appropriate action to enable the debtor or its  
23          designated custodian to make copies of or revisions to

1 the authoritative copy which add or change an  
2 identified assignee of the authoritative copy without  
3 the consent of the secured party;

4 (4) a secured party having control of investment property under  
5 paragraph (2) of subsection (d) of Section 8-106 of this title or  
6 subsection (b) of Section 1-9-106 of this title shall send to the  
7 securities intermediary or commodity intermediary with which the  
8 security entitlement or commodity contract is maintained an  
9 authenticated record that releases the securities intermediary or  
10 commodity intermediary from any further obligation to comply with  
11 entitlement orders or directions originated by the secured party;  
12 ~~and~~

13 (5) a secured party having control of a letter-of-credit right  
14 under Section 1-9-107 of this title shall send to each person having  
15 an unfulfilled obligation to pay or deliver proceeds of the letter  
16 of credit to the secured party an authenticated release from any  
17 further obligation to pay or deliver proceeds of the letter of  
18 credit to the secured party; and

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

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

1           (B) if the debtor designates a custodian that is the  
2           designated custodian with which the authoritative copy  
3           of the electronic document is maintained for the  
4           secured party, communicate to the custodian an  
5           authenticated record releasing the designated  
6           custodian from any further obligation to comply with  
7           instructions originated by the secured party and  
8           instructing the custodian to comply with instructions  
9           originated by the debtor; and  
10          (C) take appropriate action to enable the debtor or its  
11          designated custodian to make copies of or revisions to  
12          the authoritative copy which add or change an  
13          identified assignee of the authoritative copy without  
14          the consent of the secured party.

15          SECTION 63.          AMENDATORY          12A O.S. 2001, Section 1-9-301,  
16 is amended to read as follows:

17          Section 1-9-301.

18          LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS

19          Except as otherwise provided in Sections 1-9-303 through 1-9-306  
20 of this title, the following rules determine the law governing  
21 perfection, the effect of perfection or nonperfection, and the  
22 priority of a security interest in collateral:

1           (1) Except as otherwise provided in this section, while a  
2 debtor is located in a jurisdiction, the local law of that  
3 jurisdiction governs perfection, the effect of perfection or  
4 nonperfection, and the priority of a security interest in  
5 collateral.

6           (2) While collateral is located in a jurisdiction, the local  
7 law of that jurisdiction governs perfection, the effect of  
8 perfection or nonperfection, and the priority of a possessory  
9 security interest in that collateral.

10          (3) Except as otherwise provided in paragraph (4) of this  
11 section, while tangible negotiable documents, goods, instruments,  
12 money, or tangible chattel paper is located in a jurisdiction, the  
13 local law of that jurisdiction governs:

- 14           (A) perfection of a security interest in the goods by  
15                filing a fixture filing;
- 16           (B) perfection of a security interest in timber to be cut;  
17                and
- 18           (C) the effect of perfection or nonperfection and the  
19                priority of a nonpossessory security interest in the  
20                collateral.

21          (4) The local law of the jurisdiction in which the wellhead or  
22 minehead is located governs perfection, the effect of perfection or

1 nonperfection, and the priority of a security interest in as-  
2 extracted collateral.

3 SECTION 64. AMENDATORY 12A O.S. 2001, Section 1-9-310,  
4 is amended to read as follows:

5 Section 1-9-310.

6 WHEN FILING REQUIRED TO PERFECT SECURITY INTEREST OR  
7 AGRICULTURAL LIEN; SECURITY INTERESTS AND AGRICULTURAL  
8 LIENS TO WHICH FILING PROVISIONS DO NOT APPLY

9 (a) Except as otherwise provided in subsection (b) of this  
10 section and Section 1-9-312 of this title, a financing statement  
11 must be filed to perfect all security interests and agricultural  
12 liens.

13 (b) The filing of a financing statement is not necessary to  
14 perfect a security interest:

15 (1) that is perfected under subsection (d), (e), (f), or (g) of  
16 Section 1-9-308 of this title;

17 (2) that is perfected under Section 1-9-309 of this title when  
18 it attaches;

19 (3) in property subject to a statute, regulation, or treaty  
20 described in subsection (a) of Section 1-9-311 of this title;

21 (4) in goods in possession of a bailee which is perfected under  
22 paragraph (1) or (2) of subsection (d) of Section 1-9-312 of this  
23 title;

1 (5) in certificated securities, documents, goods, or  
2 instruments which is perfected without filing, control, or  
3 possession under subsection (e), (f), or (g) of Section 1-9-312 of  
4 this title;

5 (6) in collateral in the secured party's possession under  
6 Section 1-9-313 of this title;

7 (7) in a certificated security which is perfected by delivery  
8 of the security certificate to the secured party under Section  
9 1-9-313 of this title;

10 (8) in deposit accounts, electronic chattel paper, investment  
11 property, or letter-of-credit rights which is perfected by control  
12 under Section 1-9-314 of this title;

13 (9) in proceeds which is perfected under Section 1-9-315 of  
14 this title; or

15 (10) that is perfected under Section 1-9-316 of this title.

16 (c) If a secured party assigns a perfected security interest or  
17 agricultural lien, a filing under this article is not required to  
18 continue the perfected status of the security interest against  
19 creditors of and transferees from the original debtor.

20 SECTION 65. AMENDATORY 12A O.S. 2001, Section 1-9-312,  
21 is amended to read as follows:

22 Section 1-9-312.

23 PERFECTION OF SECURITY INTERESTS IN CHATTEL PAPER, DEPOSIT

1       ACCOUNTS, DOCUMENTS, GOODS COVERED BY DOCUMENTS, INSTRUMENTS,  
2               INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY;  
3       PERFECTION BY PERMISSIVE FILING; TEMPORARY PERFECTION WITHOUT  
4               FILING OR TRANSFER OF POSSESSION

5       (a) A security interest in chattel paper, negotiable documents,  
6 instruments, or investment property may be perfected by filing.

7       (b) Except as otherwise provided in subsections (c) and (d) of  
8 Section 1-9-315 of this title for proceeds:

9       (1) a security interest in a deposit account may be perfected  
10 only by control under Section 1-9-314 of this title;

11       (2) and except as otherwise provided in subsection (d) of  
12 Section 1-9-308 of this title, a security interest in a letter-of-  
13 credit right may be perfected only by control under Section 1-9-314  
14 of this title; and

15       (3) a security interest in money may be perfected only by the  
16 secured party's taking possession under Section 1-9-313 of this  
17 title.

18       (c) While goods are in the possession of a bailee that has  
19 issued a negotiable document covering the goods:

20       (1) a security interest in the goods may be perfected by  
21 perfecting a security interest in the document; and

1           (2) a security interest perfected in the document has priority  
2 over any security interest that becomes perfected in the goods by  
3 another method during that time.

4           (d) While goods are in the possession of a bailee that has  
5 issued a nonnegotiable document covering the goods, a security  
6 interest in the goods may be perfected by:

7           (1) issuance of a document in the name of the secured party;

8           (2) the bailee's receipt of notification of the secured party's  
9 interest; or

10          (3) filing as to the goods.

11          (e) A security interest in certificated securities, negotiable  
12 documents, or instruments is perfected without filing or the taking  
13 of possession or control for a period of twenty (20) days from the  
14 time it attaches to the extent that it arises for new value given  
15 under an authenticated security agreement.

16          (f) A perfected security interest in a negotiable document or  
17 goods in possession of a bailee, other than one that has issued a  
18 negotiable document for the goods, remains perfected for twenty (20)  
19 days without filing if the secured party makes available to the  
20 debtor the goods or documents representing the goods for the purpose  
21 of:

22          (1) ultimate sale or exchange; or

1 (2) loading, unloading, storing, shipping, transshipping,  
2 manufacturing, processing, or otherwise dealing with them in a  
3 manner preliminary to their sale or exchange.

4 (g) A perfected security interest in a certificated security or  
5 instrument remains perfected for twenty (20) days without filing if  
6 the secured party delivers the security certificate or instrument to  
7 the debtor for the purpose of:

8 (1) ultimate sale or exchange; or

9 (2) presentation, collection, enforcement, renewal, or  
10 registration of transfer.

11 (h) After the twenty-day period specified in subsection (e),  
12 (f), or (g) of this section expires, perfection depends upon  
13 compliance with this article.

14 SECTION 66. AMENDATORY 12A O.S. 2001, Section 1-9-313,  
15 is amended to read as follows:

16 Section 1-9-313.

17 WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY

18 PERFECTS SECURITY INTEREST WITHOUT FILING

19 (a) Except as otherwise provided in subsection (b) of this  
20 section, a secured party may perfect a security interest in tangible  
21 negotiable documents, goods, instruments, money, or tangible chattel  
22 paper by taking possession of the collateral. A secured party may  
23 perfect a security interest in certificated securities by taking

1 delivery of the certificated securities under Section 8-301 of this  
2 title.

3 (b) With respect to goods covered by a certificate of title  
4 issued by this state, a secured party may perfect a security  
5 interest in the goods by taking possession of the goods only in the  
6 circumstances described in subsection (d) of Section 1-9-316 of this  
7 title.

8 (c) With respect to collateral other than certificated  
9 securities and goods covered by a document, a secured party takes  
10 possession of collateral in the possession of a person other than  
11 the debtor, the secured party, or a lessee of the collateral from  
12 the debtor in the ordinary course of the debtor's business, when:

13 (1) the person in possession authenticates a record  
14 acknowledging that it holds possession of the collateral for the  
15 secured party's benefit; or

16 (2) the person takes possession of the collateral after having  
17 authenticated a record acknowledging that it will hold possession of  
18 collateral for the secured party's benefit.

19 (d) If perfection of a security interest depends upon  
20 possession of the collateral by a secured party, perfection occurs  
21 no earlier than the time the secured party takes possession and  
22 continues only while the secured party retains possession.

1 (e) A security interest in a certificated security in  
2 registered form is perfected by delivery when delivery of the  
3 certificated security occurs under Section 8-301 of this title and  
4 remains perfected by delivery until the debtor obtains possession of  
5 the security certificate.

6 (f) A person in possession of collateral is not required to  
7 acknowledge that it holds possession for a secured party's benefit.

8 (g) If a person acknowledges that it holds possession for the  
9 secured party's benefit:

10 (1) the acknowledgment is effective under subsection (c) of  
11 this section or subsection (a) of Section 8-301 of this title, even  
12 if the acknowledgment violates the rights of a debtor; and

13 (2) unless the person otherwise agrees or law other than this  
14 article otherwise provides, the person does not owe any duty to the  
15 secured party and is not required to confirm the acknowledgment to  
16 another person.

17 (h) A secured party having possession of collateral does not  
18 relinquish possession by delivering the collateral to a person other  
19 than the debtor or a lessee of the collateral from the debtor in the  
20 ordinary course of the debtor's business if the person was  
21 instructed before the delivery or is instructed contemporaneously  
22 with the delivery:

1 (1) to hold possession of the collateral for the secured  
2 party's benefit; or

3 (2) to redeliver the collateral to the secured party.

4 (i) A secured party does not relinquish possession, even if a  
5 delivery under subsection (h) of this section violates the rights of  
6 a debtor. A person to which collateral is delivered under  
7 subsection (h) of this section does not owe any duty to the secured  
8 party and is not required to confirm the delivery to another person  
9 unless the person otherwise agrees or law other than this article  
10 otherwise provides.

11 SECTION 67. AMENDATORY 12A O.S. 2001, Section 1-9-314,  
12 is amended to read as follows:

13 Section 1-9-314.

14 PERFECTION BY CONTROL

15 (a) A security interest in investment property, deposit  
16 accounts, letter-of-credit rights, ~~or~~ electronic chattel paper, or  
17 electronic documents may be perfected by control of the collateral  
18 under Section 7-106, 1-9-104, 1-9-105, 1-9-106, or 1-9-107 of this  
19 title.

20 (b) A security interest in deposit accounts, electronic chattel  
21 paper, ~~or~~ letter-of-credit rights, or electronic documents is  
22 perfected by control under Section 1-9-104, 1-9-105, or 1-9-107 of

1 this title when the secured party obtains control and remains  
2 perfected by control only while the secured party retains control.

3 (c) A security interest in investment property is perfected by  
4 control under Section 1-9-106 of this title from the time the  
5 secured party obtains control and remains perfected by control  
6 until:

7 (1) the secured party does not have control; and

8 (2) one of the following occurs:

9 (A) if the collateral is a certificated security, the  
10 debtor has or acquires possession of the security  
11 certificate;

12 (B) if the collateral is an uncertificated security, the  
13 issuer has registered or registers the debtor as the  
14 registered owner; or

15 (C) if the collateral is a security entitlement, the  
16 debtor is or becomes the entitlement holder.

17 SECTION 68. AMENDATORY 12A O.S. 2001, Section 1-9-317,  
18 is amended to read as follows:

19 Section 1-9-317.

20 INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE  
21 OF SECURITY INTEREST OR AGRICULTURAL LIEN

22 (a) A security interest or agricultural lien is subordinate to  
23 the rights of:

1 (1) a person entitled to priority under Section 1-9-322 of this  
2 title; and

3 (2) except as otherwise provided in subsection (e) of this  
4 section, a person that becomes a lien creditor before the earlier of  
5 the time:

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

8 (B) one of the conditions specified in paragraph (3) of  
9 subsection (b) of Section 1-9-203 of this title is met  
10 and a financing statement covering the collateral is  
11 filed.

12 (b) Except as otherwise provided in subsection (e) of this  
13 section, a buyer, other than a secured party, of tangible chattel  
14 paper, tangible documents, goods, instruments, or a security  
15 certificate takes free of a security interest or agricultural lien  
16 if the buyer gives value and receives delivery of the collateral  
17 without knowledge of the security interest or agricultural lien and  
18 before it is perfected.

19 (c) Except as otherwise provided in subsection (e) of this  
20 section, a lessee of goods takes free of a security interest or  
21 agricultural lien if the lessee gives value and receives delivery of  
22 the collateral without knowledge of the security interest or  
23 agricultural lien and before it is perfected.

1 (d) A licensee of a general intangible or a buyer, other than a  
2 secured party, of accounts, electronic chattel paper, electronic  
3 documents, general intangibles, or investment property other than a  
4 certificated security takes free of a security interest if the  
5 licensee or buyer gives value without knowledge of the security  
6 interest and before it is perfected.

7 (e) Except as otherwise provided in Sections 1-9-320 and 1-9-  
8 321 of this title, if a person files a financing statement with  
9 respect to a purchase-money security interest before or within  
10 twenty (20) days after the debtor receives delivery of the  
11 collateral, the security interest takes priority over the rights of  
12 a buyer, lessee, or lien creditor which arise between the time the  
13 security interest attaches and the time of filing.

14 SECTION 69. AMENDATORY 12A O.S. 2001, Section 1-9-338,  
15 is amended to read as follows:

16 Section 1-9-338.

17 PRIORITY OF SECURITY INTEREST OR  
18 AGRICULTURAL LIEN PERFECTED BY FILED FINANCING  
19 STATEMENT PROVIDING CERTAIN INCORRECT INFORMATION

20 If a security interest or agricultural lien is perfected by a  
21 filed financing statement providing information described in  
22 paragraph (5) of subsection (b) of Section 1-9-516 of this title  
23 which is incorrect at the time the financing statement is filed:

1 (1) the security interest or agricultural lien is subordinate  
2 to a conflicting perfected security interest in the collateral to  
3 the extent that the holder of the conflicting security interest  
4 gives value in reasonable reliance upon the incorrect information;  
5 and

6 (2) a purchaser, other than a secured party, of the collateral  
7 takes free of the security interest or agricultural lien to the  
8 extent that, in reasonable reliance upon the incorrect information,  
9 the purchaser gives value and, in the case of tangible chattel  
10 paper, tangible documents, goods, instruments, or a security  
11 certificate, receives delivery of the collateral.

12 SECTION 70. AMENDATORY 12A O.S. 2001, Section 1-9-601,  
13 is amended to read as follows:

14 Section 1-9-601.

15 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;  
16 CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER,  
17 PAYMENT INTANGIBLES, OR PROMISSORY NOTES

18 (a) After default, a secured party has the rights provided in  
19 this part and, except as otherwise provided in Section 1-9-602 of  
20 this title, those provided by agreement of the parties. A secured  
21 party:

22 (1) may reduce a claim to judgment, foreclose, or otherwise  
23 enforce the claim, security interest, or agricultural lien by any

1 available judicial procedure, but Section 686 of Title 12 of the  
2 Oklahoma Statutes, shall not apply to the enforcement of a claim,  
3 security interest, or agricultural lien under this article except as  
4 provided in Section 1-9-604 of this title where the procedure is in  
5 accordance with the rights of the parties with respect to real  
6 property; and

7 (2) if the collateral is documents, may proceed either as to  
8 the documents or as to the goods they cover.

9 (b) A secured party in possession of collateral or control of  
10 collateral under Section 7-106, 1-9-104, 1-9-105, 1-9-106, or  
11 1-9-107 of this title has the rights and duties provided in Section  
12 1-9-207 of this title.

13 (c) The rights under subsections (a) and (b) of this section  
14 are cumulative and may be exercised simultaneously.

15 (d) Except as otherwise provided in subsection (g) of this  
16 section and Section 1-9-605 of this title, after default, a debtor  
17 and an obligor have the rights provided in this part and by  
18 agreement of the parties.

19 (e) If a secured party has reduced its claim to judgment, the  
20 lien of any levy that may be made upon the collateral by virtue of  
21 an execution based upon the judgment relates back to the earliest  
22 of:

1 (1) the date of perfection of the security interest or  
2 agricultural lien in the collateral;

3 (2) the date of filing a financing statement covering the  
4 collateral; or

5 (3) any date specified in a statute under which the  
6 agricultural lien was created.

7 (f) A sale pursuant to an execution is a foreclosure of the  
8 security interest or agricultural lien by judicial procedure within  
9 the meaning of this section. A secured party may purchase at the  
10 sale and thereafter hold the collateral free of any other  
11 requirements of this article.

12 (g) Except as otherwise provided in subsection (c) of Section  
13 1-9-607 of this title, this part imposes no duties upon a secured  
14 party that is a consignor or is a buyer of accounts, chattel paper,  
15 payment intangibles, or promissory notes.

16 SECTION 71. REPEALER 12A O.S. 2001, Section 7-105, is  
17 hereby repealed.

18 SECTION 72. REPEALER 12A O.S. 2001, Section 10-104, is  
19 hereby repealed.

20 SECTION 73. This act shall become effective January 1, 2006.

21 COMMITTEE REPORT BY: COMMITTEE ON JUDICIARY, dated 4-5-05 - DO PASS.