

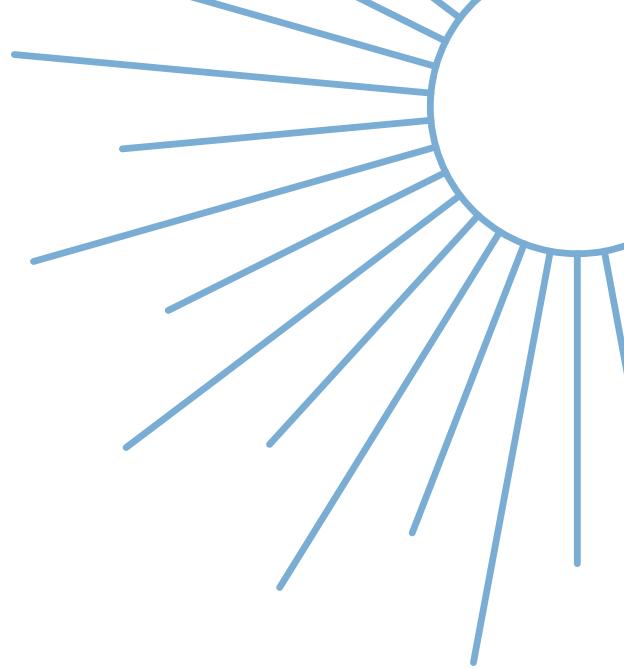


CONNECTING TO
CREATE WHAT'S NEXT

THE COMPLETE GUIDE TO UCC TERMS & DEFINITIONS

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Abstract

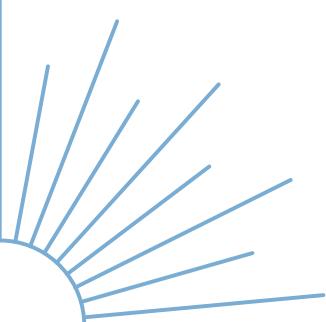
This guide presents the terms and definitions found in the Uniform Commercial Code (UCC) in alphabetical order (pages 1 – 33) and in chronological order (pages 34 – 72).

The source for the UCC terms and definitions is Cornell Law School's Legal Information Institute (<https://www.law.cornell.edu/ucc>).

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UCC Terms and Definitions in Alphabetical Order

acceptor

(Article 3) A drawee who has accepted a draft.

accession

(Article 9) Goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

account

(Article 4) Any deposit or credit account with a bank, including a demand, time, savings, passbook, share draft, or like account, other than an account evidenced by a certificate of deposit.

(Article 9) Except as used in "account for", means a right to payment of a monetary obligation, whether or not earned by performance,

- for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of,
- for services rendered or to be rendered,
- for a policy of insurance issued or to be issued,
- for a secondary obligation incurred or to be incurred,
- for energy provided or to be provided,
- for the use or hire of a vessel under a charter or other contract,
- arising out of the use of a credit or charge card or information contained on or for use with the card, or
- as winnings in a lottery or other game of chance operated or sponsored by a State, governmental unit of a State, or person licensed or authorized to operate the game by a State or governmental unit of a State.

The term includes health-care-insurance receivables. The term does not include

- rights to payment evidenced by chattel paper or an instrument,
- commercial tort claims,
- deposit accounts,
- investment property,
- letter-of-credit rights or letters of credit, or
- rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

account debtor

(Article 9) A person obligated on an account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the instrument constitutes part of chattel paper.

accounting

(Article 9) Except as used in "accounting for", means a record:

- authenticated by a secured party;
- indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and
- identifying the components of the obligations in reasonable detail.

action

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

adverse claim

(Article 8) A claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the financial asset.

adviser

(Article 5) A person who, at the request of the issuer, a confirmor, or another adviser, notifies or requests another adviser to notify the beneficiary that a letter of credit has been issued, confirmed, or amended.

afternoon

(Article 4) The period of a day between noon and midnight.

aggrieved party

(Article 1) A party entitled to pursue a remedy.

agreement

(Article 1) As distinguished from "contract", means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in Section 1-303.

agricultural lien

(Article 9) An interest in farm products:

- which secures payment or performance of an obligation for:
 - goods or services furnished in connection with a debtor's farming operation; or
 - rent on real property leased by a debtor in connection with its farming operation;
- which is created by statute in favor of a person that:
 - in the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or
 - leased real property to a debtor in connection with the debtor's farming operation; and
- whose effectiveness does not depend on the person's possession of the personal property.

applicant

(Article 5) A person at whose request or for whose account a letter of credit is issued. The term includes a person who requests an issuer to issue a letter of credit on behalf of another if the person making the request undertakes an obligation to reimburse the issuer.

as-extracted collateral

(Article 9)

- oil, gas, or other minerals that are subject to a security interest that:
 - is created by a debtor having an interest in the minerals before extraction; and
 - attaches to the minerals as extracted; or
- accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the debtor had an interest before extraction.

assets

(Article 6) The inventory that is the subject of a bulk sale and any tangible and intangible personal property used or held for use primarily in, or arising from, the seller's business and sold in connection with that inventory, but the term does not include:

- (i) fixtures (Section 9-102(a)(41)) other than readily removable factory and office machines;
- (ii) the lessee's interest in a lease of real property; or
- (iii) property to the extent it is generally exempt from creditor process under nonbankruptcy law.

auctioneer

(Article 6) A person whom the seller engages to direct, conduct, control, or be responsible for a sale by auction.

authenticate

(Article 9)

- to sign; or
- with present intent to adopt or accept a record, to attach to or logically associate with the record an electronic sound, symbol, or process.

authorized account

(Article 4a) A deposit account of a customer in a bank designated by the customer as a source of payment of payment orders issued by the customer to the bank. If a customer does not so designate an account, any account of the customer is an authorized account if payment of a payment order from that account is not inconsistent with a restriction on the use of that account.

bailee

(Article 7) A person that by a warehouse receipt, bill of lading, or other document of title acknowledges possession of goods and contracts to deliver them.

bank

(Article 1) A person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company.

(Article 4) A person engaged in the business of banking, including a savings bank, savings and loan association, credit union, or trust company. (see "collecting bank", "depositary bank", "intermediary bank", "payor bank", and "presenting bank")

(Article 4a) A person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company. A branch or separate office of a bank is a separate bank for purposes of this Article.

(Article 9) An organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

banking day

(Article 4) The part of a day on which a bank is open to the public for carrying on substantially all of its banking functions.

bearer

(Article 1) A person in possession of a negotiable instrument, document of title, or certificated security that is payable to bearer or indorsed in blank.

bearer form

(Article 8) As applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement.

beneficiary

(Article 4a) The person to be paid by the beneficiary's bank.

(Article 5) A person who under the terms of a letter of credit is entitled to have its complying presentation honored. The term includes a person to whom drawing rights have been transferred under a transferable letter of credit.

beneficiary's bank

(Article 4a) The bank identified in a payment order in which an account of the beneficiary is to be credited pursuant to the order or which otherwise is to make payment to the beneficiary if the order does not provide for payment to an account.

between merchants

(Article 2) Any transaction with respect to which both parties are chargeable with the knowledge or skill of merchants.

bill of lading

(Article 1) A document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods.

branch

(Article 1) Includes a separately incorporated foreign branch of a bank.

broker

(Article 8) A person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity.

burden of establishing a fact

(Article 1) The burden of persuading the trier of fact that the existence of the fact is more probable than its nonexistence.

bulk sale

(Article 6)

- In the case of a sale by auction or a sale or series of sales conducted by a liquidator on the seller's behalf, a sale or series of sales not in the ordinary course of the seller's business of more than half of the seller's inventory, as measured by value on the date of the bulk-sale agreement, if on that date the auctioneer or liquidator has notice, or after reasonable inquiry would have had notice, that the seller will not continue to operate the same or a similar kind of business after the sale or series of sales; and

- In all other cases, a sale not in the ordinary course of the seller's business of more than half the seller's inventory, as measured by value on the date of the bulk-sale agreement, if on that date the buyer has notice, or after reasonable inquiry would have had notice, that the seller will not continue to operate the same or a similar kind of business after the sale.

buyer

(Article 2) A person who buys or contracts to buy goods.

buyer in ordinary course of business

(Article 1) A person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Article 2 may be a buyer in ordinary course of business. "Buyer in ordinary course of business" does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(Article 2a) A person who in good faith and without knowledge that the sale to him [or her] is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. "Buying" may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a pre-existing contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

cancellation

(Article 2) Occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of "termination" except that the cancelling party also retains any remedy for breach of the whole contract or any unperformed balance. (see "termination")

(Article 2a) Occurs when either party puts an end to the lease contract for default by the other party.

cash proceeds

(Article 9) Proceeds that are money, checks, deposit accounts, or the like.

certificate of title

(Article 9) A certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral. The term includes another record maintained as an alternative to a certificate of title by the governmental unit that issues certificates of title if a statute permits the security interest in question to be indicated on the record as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

chattel paper

(Article 9) A record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this paragraph, "monetary obligation" means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.

claim

(Article 6) A right to payment from the seller, whether or not the right is reduced to judgment, liquidated, fixed, matured, disputed, secured, legal, or equitable. The term includes costs of collection and attorney's fees only to the extent that the laws of this state permit the holder of the claim to recover them in an action against the obligor.

claimant

(Article 6) A person holding a claim incurred in the seller's business other than:

- an unsecured and unmatured claim for employment compensation and benefits, including commissions and vacation, severance, and sick-leave pay;
- a claim for injury to an individual or to property, or for breach of warranty, unless:
 - a right of action for the claim has accrued;
 - the claim has been asserted against the seller; and
 - the seller knows the identity of the person asserting the claim and the basis upon which the person has asserted it; and

(States to Select One Alternative)

ALTERNATIVE A

- a claim for taxes owing to a governmental unit.

ALTERNATIVE B

- a claim for taxes owing to a governmental unit, if:
 - a statute governing the enforcement of the claim permits or requires notice of the bulk sale to be given to the governmental unit in a manner other than by compliance with the requirements of this Article; and
 - notice is given in accordance with the statute.

carrier

(Article 7) A person that issues a bill of lading.

certificated security

(Article 8) A security that is represented by a certificate.

clearing corporation

(Article 8)

- a person that is registered as a "clearing agency" under the federal securities laws;
- a federal reserve bank; or

- any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority.

clearing house

(Article 4) An association of banks or other payors regularly clearing items.

collateral

(Article 9) The property subject to a security interest or agricultural lien. The term includes:

- proceeds to which a security interest attaches;
- accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
- goods that are the subject of a consignment.

collecting bank

(Article 4) A bank handling an item for collection except the payor bank. (see “bank”, “depositary bank”, “intermediary bank”, “payor bank”, and “presenting bank”)

commercial tort claim

(Article 9) A claim arising in tort with respect to which:

- the claimant is an organization; or
- the claimant is an individual and the claim:
 - arose in the course of the claimant's business or profession; and
 - does not include damages arising out of personal injury to or the death of an individual.

commercial unit

(Article 2) Such a unit of goods as by commercial usage is a single whole for purposes of sale and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article (as a machine) or a set of articles (as a suite of furniture or an assortment of sizes) or a quantity (as a bale, gross, or carload) or any other unit treated in use or in the relevant market as a single whole.

(Article 2a) Such a unit of goods as by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article, as a machine, or a set of articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole.

commodity account

(Article 9) An account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

commodity contract

(Article 9) A commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

- traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or
- traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

commodity customer

(Article 9) A person for which a commodity intermediary carries a commodity contract on its books.

commodity intermediary

(Article 9) A person that:

- is registered as a futures commission merchant under federal commodities law; or
- in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

communicate

(Article 8) To:

- send a signed writing; or
- transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.

(Article 9)

- to send a written or other tangible record;
- to transmit a record by any means agreed upon by the persons sending and receiving the record; or
- in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

confirmor

(Article 5) A nominated person who undertakes, at the request or with the consent of the issuer, to honor a presentation under a letter of credit issued by another.

conforming

(Article 2) When goods or conduct are in accordance with the obligations under the contract.

(Article 2a) Goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

consignee

(Article 7) A person named in a bill of lading to which or to whose order the bill promises delivery.

(Article 9) A merchant to which goods are delivered in a consignment.

consignment

(Article 9) A transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

- the merchant:
 - deals in goods of that kind under a name other than the name of the person making delivery;
 - is not an auctioneer; and
 - is not generally known by its creditors to be substantially engaged in selling the goods of others;
- with respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time of delivery;
- the goods are not consumer goods immediately before delivery; and
- the transaction does not create a security interest that secures an obligation.

consignor

(Article 7) A person named in a bill of lading as the person from which the goods have been received for shipment.

(Article 9) A person that delivers goods to a consignee in a consignment.

conspicuous

(Article 1) With reference to a term, means so written, displayed, or presented that a reasonable person against which it is to operate ought to have noticed it. Whether a term is "conspicuous" or not is a decision for the court. Conspicuous terms include the following:

- A heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same or lesser size; and
- Language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.

consumer debtor

(Article 9) A debtor in a consumer transaction.

consumer goods

(Article 9) Goods that are used or bought for use primarily for personal, family, or household purposes.

consumer-goods transaction

(Article 9) A consumer transaction in which:

- An individual incurs an obligation primarily for personal, family, or household purposes; and
- A security interest in consumer goods secures the obligation.

consumer obligor

(Article 9) An obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

consumer transaction

(Article 9) A transaction in which

- An individual incurs an obligation primarily for personal, family, or household purposes,
- A security interest secures the obligation, and
- The collateral is held or acquired primarily for personal, family, or household purposes.

The term includes consumer-goods transactions.

continuation statement

(Article 9) An amendment of a financing statement which:

- identifies, by its file number, the initial financing statement to which it relates; and
- indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

creditor

(Article 6) A claimant or other person holding a claim.

customer

(Article 4a) A person, including a bank, having an account with a bank or from whom a bank has agreed to receive payment orders.

consumer

(Article 1) An individual who enters into a transaction primarily for personal, family, or household purposes.

consumer account

(Article 3) An account established by an individual primarily for personal, family, or household purposes.

consumer lease

(Article 2a) A lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or household purpose [, if the total payments to be made under the lease contract, excluding payments for options to renew or buy, do not exceed \$____].

consumer transaction

(Article 3) A transaction in which an individual incurs an obligation primarily for personal, family, or household purposes.

contract

(Article 1) As distinguished from "agreement", means the total legal obligation that results from the parties' agreement as determined by the Uniform Commercial Code as supplemented by any other applicable laws.

contract for sale

(Article 2) Includes both a present sale of goods and a contract to sell goods at a future time.

creditor

(Article 1) Includes a general creditor, a secured creditor, a lien creditor, and any representative of creditors, including an assignee for the benefit of creditors, a trustee in bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor's or assignor's estate.

customer

(Article 4) A person having an account with a bank or for whom a bank has agreed to collect items, including a bank that maintains an account at another bank.

date of the bulk sale

(Article 6)

- If the sale is by auction or is conducted by a liquidator on the seller's behalf, the date on which more than ten percent of the net proceeds is paid to or for the benefit of the seller; and
- In all other cases, the later of the date on which:
 - More than ten percent of the net contract price is paid to or for the benefit of the seller; or
 - More than ten percent of the assets, as measured by value, are transferred to the buyer.

For purposes of Article 6:

- Delivery of a negotiable instrument (Section 3-104(1) [sic]) to or for the benefit of the seller in exchange for assets constitutes payment of the contract price pro tanto;
- To the extent that the contract price is deposited in an escrow, the contract price is paid to or for the benefit of the seller when the seller acquires the unconditional right to receive the deposit or when the deposit is delivered to the seller or for the benefit of the seller, whichever is earlier; and
- An asset is transferred when a person holding an unsecured claim can no longer obtain through judicial proceedings rights to the asset that are superior to those of the buyer arising as a result of the bulk sale. A person holding an unsecured claim can obtain those superior rights to a tangible asset at least until the buyer has an unconditional right, under the bulk-sale agreement, to possess the asset, and a person holding an unsecured claim can obtain those superior rights to an intangible asset at least until the buyer has an unconditional right, under the bulk-sale agreement, to use the asset.

date of the bulk-sale agreement

(Article 6)

- In the case of a sale by auction or conducted by a liquidator (subsection (c)(i)), the date on which the seller engages the auctioneer or liquidator; and
- In all other cases, the date on which a bulk-sale agreement becomes enforceable between the buyer and the seller.

debt

(Article 6) Liability on a claim.

debtor

(Article 9)

- a person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;
- a seller of accounts, chattel paper, payment intangibles, or promissory notes; or
- a consignee.

defendant

(Article 1) Includes a person in the position of defendant in a counterclaim, cross-claim, or third-party claim.

delivery

(Article 1) With respect to an instrument, document of title, or chattel paper, means voluntary transfer of possession.

delivery order

(Article 7) A record that contains an order to deliver goods directed to a warehouse, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

deposit account

(Article 9) A demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property or accounts evidenced by an instrument.

depository bank

(Article 4) The first bank to take an item even though it is also the payor bank, unless the item is presented for immediate payment over the counter. (see "bank", "collecting bank", "intermediary bank", "payor bank", and "presenting bank")

dishonor

(Article 5) Failure to timely honor or to take an interim action, such as acceptance of a draft, that may be required by the letter of credit. (see "honor")

document

(Article 5) A draft or other demand, document of title, investment security, certificate, invoice, or other record, statement, or representation of fact, law, right, or opinion

- Which is presented in a written or other medium permitted by the letter of credit, unless prohibited by the letter of credit, by the standard practice referred to in Section 5-108(e) and
- Which is capable of being examined for compliance with the terms and conditions of the letter of credit. A document may not be oral.

(Article 9) A document of title or a receipt of the type described in Section 7-201(2).

document of title

(Article 1) Includes bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold, and dispose of the document and the goods it covers. To be a document of title, a document must purport to be issued by

or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.

documentary draft

(Article 4) A draft to be presented for acceptance or payment if specified documents, certificated securities (Section 8-102) or instructions for uncertificated securities (Section 8-102), or other certificates, statements, or the like are to be received by the drawee or other payor before acceptance or payment of the draft.

draft

(Article 4) A draft as defined in Section 3-104 or an item, other than an instrument, that is an order.

drawee

(Articles 3 and 4) A person ordered in a draft to make payment.

drawer

(Article 3) A person who signs or is identified in a draft as a person ordering payment.

electronic chattel paper

(Article 9) Chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

encumbrance

(Article 9) A right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

entitlement holder

(Article 8) A person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of Section 8-501(b)(2) or (3), that person is the entitlement holder.

entitlement order

(Article 8) A notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement.

equipment

(Article 9) Goods other than inventory, farm products, or consumer goods.

farm products

(Article 9) Goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

- Crops grown, growing, or to be grown, including:
 - Crops produced on trees, vines, and bushes; and
 - Aquatic goods produced in aquacultural operations;
- Livestock, born or unborn, including aquatic goods produced in aquacultural operations;
- Supplies used or produced in a farming operation; or
- Products of crops or livestock in their unmanufactured states.

farming operation

(Article 9) Raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

fault

(Article 1) A default, breach, or wrongful act or omission.

(Article 2a) Wrongful act, omission, breach, or default.

file number

(Article 9) The number assigned to an initial financing statement pursuant to Section 9-519(a).

filings office

(Article 9) An office designated in Section 9-501 as the place to file a financing statement.

filings-office rule

(Article 9) A rule adopted pursuant to Section 9-526.

financial asset

(Article 8) Except as otherwise provided in Section 8-103, means:

- A security;
- An obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or
- Any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.

As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement.

finance lease

(Article 2a) A lease with respect to which:

- The lessor does not select, manufacture, or supply the goods;
- The lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and
- One of the following occurs:
 - The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;
 - The lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;
 - The lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or

- If the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing (a) of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person, (b) that the lessee is entitled under this Article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods, and (c) that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

financing agency

(Article 2) A bank, finance company or other person who in the ordinary course of business makes advances against goods or documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the seller's draft or making advances against it or by merely taking it for collection whether or not documents of title accompany the draft. "Financing agency" includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods (Section 2-707).

financing statement

(Article 9) A record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

fixture filing

(Article 9) The filing of a financing statement covering goods that are or are to become fixtures and satisfying Section 9-502(a) and (b). The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

fixtures

(Article 9) Goods that have become so related to particular real property that an interest in them arises under real property law.

funds transfer

(Article 4a) The series of transactions, beginning with the originator's payment order, made for the purpose of making payment to the beneficiary of the order. The term includes any payment order issued by the originator's bank or an intermediary bank intended to carry out the originator's payment order. A funds transfer is completed by acceptance by the beneficiary's bank of a payment order for the benefit of the beneficiary of the originator's payment order.

funds-transfer business day

(Article 4a) The part of a day during which the receiving bank is open for the receipt, processing, and transmittal of payment orders and cancellations and amendments of payment orders.

funds-transfer system

(Article 4a) A wire transfer network, automated clearing house, or other communication system of a clearing house or other association of banks through which a payment order by a bank may be transmitted to the bank to which the order is addressed.

fungible goods

(Article 1)

- Goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or
- Goods that by agreement are treated as equivalent.

general intangible

(Article 9) Any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

genuine

(Article 1) Free of forgery or counterfeiting.

good faith

(Article 1) Except as otherwise provided in Article 5, means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(Article 2) In the case of a merchant means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.

(Article 5) Honesty in fact in the conduct or transaction concerned.

(Article 7) Honesty in fact and the observance of reasonable commercial standards of fair dealing.

(Article 9) Honesty in fact and the observance of reasonable commercial standards of fair dealing.

goods

(Article 2) All things (including specially manufactured goods) which are movable at the time of identification to the contract for sale other than the money in which the price is to be paid, investment securities (Article 8) and things in action. "Goods" also includes the unborn young of animals and growing crops and other identified things attached to realty as described in the section on goods to be severed from realty (Section 2-107).

Goods must be both existing and identified before any interest in them can pass. Goods which are not both existing and identified are "**future**" goods. A purported present sale of future goods or of any interest therein operates as a contract to sell.

There may be a sale of a part interest in existing identified goods.

An undivided share in an identified bulk of fungible goods is sufficiently identified to be sold although the quantity of the bulk is not determined. Any agreed proportion of such a bulk or any quantity thereof

agreed upon by number, weight or other measure may to the extent of the seller's interest in the bulk be sold to the buyer who then becomes an owner in common.

(Article 2a) All things that are movable at the time of identification to the lease contract, or are fixtures (Section 2A-309), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

(Article 7) All things that are treated as movable for the purposes of a contract for storage or transportation.

(Article 9) All things that are movable when a security interest attaches. The term includes:

- fixtures,
- standing timber that is to be cut and removed under a conveyance or contract for sale,
- the unborn young of animals,
- crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and
- manufactured homes.

The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if:

- the program is associated with the goods in such a manner that it customarily is considered part of the goods, or
- by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods.

The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

governmental unit

(Article 9) A subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a State, or a foreign country. The term includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

health-care-insurance receivable

(Article 9) An interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided.

holder

(Article 1)

- The person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession; or
- The person in possession of a document of title if the goods are deliverable either to bearer or to the order of the person in possession.

honor

(Article 5) Performance of the issuer's undertaking in the letter of credit to pay or deliver an item of value. Unless the letter of credit otherwise provides, "honor" occurs

- upon payment;
- if the letter of credit provides for acceptance, upon acceptance of a draft and, at maturity, its payment, or
- if the letter of credit provides for incurring a deferred obligation, upon incurring the obligation and, at maturity, its performance. (see "dishonor")

in the ordinary course of the seller's business

(Article 6) Comporting with usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices.

indorsement

(Article 8) A signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring, or redeeming the security or granting a power to assign, transfer, or redeem it.

insolvency proceeding

(Article 1) Includes an assignment for the benefit of creditors or other proceeding intended to liquidate or rehabilitate the estate of the person involved.

insolvent

(Article 1)

- Having generally ceased to pay debts in the ordinary course of business other than as a result of bona fide dispute;
- Being unable to pay debts as they become due; or
- Being insolvent within the meaning of federal bankruptcy law.

installment lease contract

(Article 2a) A lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

instruction

(Article 8) A notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed.

instrument

(Article 9) A negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include:

- Investment property,
- Letters of credit, or

- Writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

intermediary bank

(Article 4) A bank to which an item is transferred in course of collection except the depositary or payor bank. (see “bank”, “collecting bank”, “depositary bank”, “payor bank”, and “presenting bank”)

(Article 4a) A receiving bank other than the originator's bank or the beneficiary's bank.

inventory

(Article 9) Goods, other than farm products, which:

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

investment property

(Article 9) A security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

issuer

(Article 5) A bank or other person that issues a letter of credit, but does not include an individual who makes an engagement for personal, family, or household purposes.

(Article 7) A bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

item

(Article 4) An instrument or a promise or order to pay money handled by a bank for collection or payment. The term does not include a payment order governed by Article 4A or a credit or debit card slip.

jurisdiction of organization

(Article 9) With respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized.

lease

(Article 2a) A transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease.

lease agreement

(Article 2a) The bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this Article. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

lease contract

(Article 2a) The total legal obligation that results from the lease agreement as affected by this Article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

leasehold interest

(Article 2a) The interest of the lessor or the lessee under a lease contract.

lessee

(Article 2a) A person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

lessee in ordinary course of business

(Article 2a) A person who in good faith and without knowledge that the lease to him [or her] is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a pre-existing lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

lessor

(Article 2a) A person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

lessor's residual interest

(Article 2a) The lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

letter of credit

(Article 5) A definite undertaking that satisfies the requirements of Section 5-104 by an issuer to a beneficiary at the request or for the account of an applicant or, in the case of a financial institution, to itself or for its own account, to honor a documentary presentation by payment or delivery of an item of value.

letter-of-credit right

(Article 9) A right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

lien

(Article 2a) A charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

lien creditor

(Article 9)

- A creditor that has acquired a lien on the property involved by attachment, levy, or the like;
- An assignee for benefit of creditors from the time of assignment;
- A trustee in bankruptcy from the date of the filing of the petition; or
- A receiver in equity from the time of appointment.

liquidator

(Article 6) A person who is regularly engaged in the business of disposing of assets for businesses contemplating liquidation or dissolution.

lot

(Article 2) A parcel or a single article which is the subject matter of a separate sale or delivery, whether or not it is sufficient to perform the contract.

(Article 2a) A parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

maker

(Article 3) A person who signs or is identified in a note as a person undertaking to pay.

manufactured home

(Article 9) A structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.

manufactured-home transaction

(Article 9) A secured transaction:

- That creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or
- In which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

merchant

(Article 2) A person who deals in goods of the kind or otherwise by his occupation holds himself out as having knowledge or skill peculiar to the practices or goods involved in the transaction or to whom such

knowledge or skill may be attributed by his employment of an agent or broker or other intermediary who by his occupation holds himself out as having such knowledge or skill.

merchant lessee

(Article 2a) A lessee that is a merchant with respect to goods of the kind subject to the lease.

midnight deadline

(Article 4) With respect to a bank is midnight on its next banking day following the banking day on which it receives the relevant item or notice or from which the time for taking action commences to run, whichever is later.

money

(Article 1) A medium of exchange currently authorized or adopted by a domestic or foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more countries.

mortgage

(Article 9) A consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

net contract price

(Article 6) The new consideration the buyer is obligated to pay for the assets less:

- The amount of any proceeds of the sale of an asset, to the extent the proceeds are applied in partial or total satisfaction of a debt secured by the asset; and
- The amount of any debt to the extent it is secured by a security interest or lien that is enforceable against the asset before and after it has been sold to a buyer. If a debt is secured by an asset and other property of the seller, the amount of the debt secured by a security interest or lien that is enforceable against the asset is determined by multiplying the debt by a fraction, the numerator of which is the value of the new consideration for the asset on the date of the bulk sale and the denominator of which is the value of all property securing the debt on the date of the bulk sale.

new debtor

(Article 9) A person that becomes bound as debtor under Section 9-203(d) by a security agreement previously entered into by another person.

net proceeds

(Article 6) The new consideration received for assets sold at a sale by auction or a sale conducted by a liquidator on the seller's behalf less:

- Commissions and reasonable expenses of the sale;
- The amount of any proceeds of the sale of an asset, to the extent the proceeds are applied in partial or total satisfaction of a debt secured by the asset; and
- The amount of any debt to the extent it is secured by a security interest or lien that is enforceable against the asset before and after it has been sold to a buyer. If a debt is secured by an asset and other property of the seller, the amount of the debt secured by a security interest or lien that is enforceable against the asset is determined by multiplying the debt by a fraction, the numerator of which is the value of the new consideration for the asset on the date of the

bulk sale and the denominator of which is the value of all property securing the debt on the date of the bulk sale.

new value

(Article 9)

- Money,
- Money's worth in property, services, or new credit, or
- Release by a transferee of an interest in property previously transferred to the transferee.

The term does not include an obligation substituted for another obligation.

nominated person

(Article 5) A person whom the issuer:

- Designates or authorizes to pay, accept, negotiate, or otherwise give value under a letter of credit and
- Undertakes by agreement or custom and practice to reimburse.

noncash proceeds

(Article 9) Proceeds other than cash proceeds.

obligor

(Article 9) A person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral,

- Owes payment or other performance of the obligation,
- Has provided property other than the collateral to secure payment or other performance of the obligation, or
- Is otherwise accountable in whole or in part for payment or other performance of the obligation.

The term does not include issuers or nominated persons under a letter of credit.

order

(Article 3) A written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay.

ordinary care

(Article 3) In the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this Article or Article 4.

organization

(Article 1) A person other than an individual.

original debtor

(Article 9) Except as used in Section 9-310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under Section 9-203(d).

originator

(Article 4a) The sender of the first payment order in a funds transfer.

originator's bank

(Article 4a)

- The receiving bank to which the payment order of the originator is issued if the originator is not a bank, or
- The originator if the originator is a bank.

party

(Article 1) As distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to the Uniform Commercial Code.

(Article 3) A party to an instrument.

payment order

(Article 4a) An instruction of a sender to a receiving bank, transmitted orally, electronically, or in writing, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:

- The instruction does not state a condition to payment to the beneficiary other than time of payment,
- The receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender, and
- The instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system, or communication system for transmittal to the receiving bank.

payment intangible

(Article 9) A general intangible under which the account debtor's principal obligation is a monetary obligation.

payor bank

(Article 4) A bank that is the drawee of a draft. (see "bank", "collecting bank", "depositary bank", "intermediary bank", and "presenting bank")

person

(Article 1) An individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, or any other legal or commercial entity.

person entitled under the document

(Article 7) The holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

person related to

(Article 9) With respect to an individual, means:

- The spouse of the individual;
- A brother, brother-in-law, sister, or sister-in-law of the individual;
- An ancestor or lineal descendant of the individual or the individual's spouse; or
- Any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

(Article 9) With respect to an organization, means:

- A person directly or indirectly controlling, controlled by, or under common control with the organization;
- An officer or director of, or a person performing similar functions with respect to, the organization;
- An officer or director of, or a person performing similar functions with respect to, a person described in the first subparagraph;
- The spouse of an individual described in the first three subparagraphs; or
- An individual who is related by blood or marriage to an individual described in the first four subparagraphs and shares the same home with the individual.

present sale

(Article 2) A sale which is accomplished by the making of the contract. (See "sale")

present value

(Article 1) The amount as of a date certain of one or more sums payable in the future, discounted to the date certain by use of either an interest rate specified by the parties if that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest rate is not so specified, a commercially reasonable rate that takes into account the facts and circumstances at the time the transaction is entered into.

(Article 2a) The amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

presentation

(Article 5) Delivery of a document to an issuer or nominated person for honor or giving of value under a letter of credit.

presenter

(Article 5) A person making a presentation as or on behalf of a beneficiary or nominated person.

presenting bank

(Article 4) A bank presenting an item except a payor bank. (see "bank", "collecting bank", "depositary bank", "intermediary bank", and "payor bank")

principal obligor

(Article 3) With respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this article.

proceeds

(Article 9) Except as used in Section 9-609(b), means the following property:

- Whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;
- Whatever is collected on, or distributed on account of, collateral;
- Rights arising out of collateral;
- To the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or
- To the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

promise

(Article 3) A written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation.

promissory note

(Article 9) An instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

proposal

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

prove

(Article 3) With respect to a fact means to meet the burden of establishing the fact (Section 1-201(b)(8)).

(Article 4a) To meet the burden of establishing the fact (Section 1-201(b)(8)).

public-finance transaction

(Article 9) A secured transaction in connection with which:

- Debt securities are issued;
- All or a portion of the securities issued have an initial stated maturity of at least 20 years; and
- The debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security interest is a State or a governmental unit of a State.

public organic record

(Article 9) A record that is available to the public for inspection and is:

- a record consisting of the record initially filed with or issued by a State or the United States to form or organize an organization and any record filed with or issued by the State or the United States which amends or restates the initial record;
- an organic record of a business trust consisting of the record initially filed with a State and any record filed with the State which amends or restates the initial record, if a statute of the State governing business trusts requires that the record be filed with the State; or
- a record consisting of legislation enacted by the legislature of a State or the Congress of the United States which forms or organizes an organization, any record amending the legislation, and any record filed with or issued by the State or the United States which amends or restates the name of the organization.

purchase

(Article 1) Taking by sale, lease, discount, negotiation, mortgage, pledge, lien, security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

(Article 2a) Includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.

purchaser

(Article 1) A person that takes by purchase.

pursuant to commitment

(Article 9) With respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.

receipt of goods

(Article 2) Taking physical possession of them.

receiving bank

(Article 4a) The bank to which the sender's instruction is addressed.

record

(Articles 1, 5, and 7) Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(Article 9) Except as used in "for record", "of record", "record or legal title", and "record owner", means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

registered form

(Article 8) As applied to a certificated security, means a form in which:

- The security certificate specifies a person entitled to the security; and
- A transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states.

registered organization

(Article 9) An organization organized solely under the law of a single State or the United States by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the State or the United States. The term includes a business trust that is formed or organized under the law of a single State if a statute of the State governing business trusts requires that the business trust's organic record be filed with the State.

remedy

(Article 1) Any remedial right to which an aggrieved party is entitled with or without resort to a tribunal.

remitter

(Article 3) A person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser.

remotely-created consumer item

(Article 3) An item drawn on a consumer account, which is not created by the payor bank and does not bear a handwritten signature purporting to be the signature of the drawer.

representative

(Article 1) A person empowered to act for another, including an agent, an officer of a corporation or association, and a trustee, executor, or administrator of an estate.

right

(Article 1) Includes remedy.

secondary obligor

(Article 3) With respect to an instrument, means:

- An indorser or an accommodation party,
- A drawer having the obligation described in section 3-414(d), or
- Any other party to the instrument that has recourse against another party to the instrument pursuant to Section 3-116(b).

secondary obligor

(Article 9) An obligor to the extent that:

- The obligor's obligation is secondary; or
- The obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

secured party

(Article 9)

- A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;
- A person that holds an agricultural lien;
- A consignor;
- A person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

- A trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or
- A person that holds a security interest arising under Section 2-401, 2-505, 2-711(3), 2A-508(5), 4-210, or 5-118.

securities intermediary

(Article 8)

- A clearing corporation; or
- A person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

security

(Article 8) Except as otherwise provided in Section 8-103, means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:

- Which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;
- Which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations; and
- Which:
 - Is, or is of a type, dealt in or traded on securities exchanges or securities markets; or
 - Is a medium for investment and by its terms expressly provides that it is a security governed by this Article.

security agreement

(Article 9) An agreement that creates or provides for a security interest.

security certificate

(Article 8) A certificate representing a security.

security entitlement

(Article 8) The rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5.

security interest

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

sale

(Article 2) Consists in the passing of title from the seller to the buyer for a price (Section 2-401). (see "present sale")

seller

(Article 2) A person who sells or contracts to sell goods.

send

(Article 1) In connection with a writing, record, or notice means:

- To deposit in the mail or deliver for transmission by any other usual means of communication with postage or cost of transmission provided for and properly addressed and, in the case of an instrument, to an address specified thereon or otherwise agreed, or if there be none to any address reasonable under the circumstances; or
- In any other way to cause to be received any record or notice within the time it would have arrived if properly sent.

(Article 9) In connection with a record or notification, means:

- To deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or
- To cause the record or notification to be received within the time that it would have been received if properly sent under the previous subparagraph.

sender

(Article 4a) The person giving the instruction to the receiving bank.

settle

(Article 4) To pay in cash, by clearing-house settlement, in a charge or credit or by remittance, or otherwise as agreed. A settlement may be either provisional or final.

shipper

(Article 7) A person that enters into a contract of transportation with a carrier.

sign

(Article 7) With present intent to authenticate or adopt a record:

- To execute or adopt a tangible symbol; or
- To attach to or logically associate with the record an electronic sound, symbol, or process.

signed

(Article 1) Includes using any symbol executed or adopted with present intention to adopt or accept a writing.

software

(Article 9) A computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

state

(Articles 1 and 9) A State of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

sublease

(Article 2a) A lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

successor of a beneficiary

(Article 5) A person who succeeds to substantially all of the rights of a beneficiary by operation of law, including a corporation with or into which the beneficiary has been merged or consolidated, an administrator, executor, personal representative, trustee in bankruptcy, debtor in possession, liquidator, and receiver.

supplier

(Article 2a) A person from whom a lessor buys or leases goods to be leased under a finance lease.

supply contract

(Article 2a) A contract under which a lessor buys or leases goods to be leased.

supporting obligation

(Article 9) A letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

surety

(Article 1) Includes a guarantor or other secondary obligor.

suspends payments

(Article 4) With respect to a bank means that it has been closed by order of the supervisory authorities, that a public officer has been appointed to take it over, or that it ceases or refuses to make payments in the ordinary course of business.

tangible chattel paper

(Article 9) Chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

term

(Article 1) A portion of an agreement that relates to a particular matter.

termination

(Article 2) Occurs when either party pursuant to a power created by agreement or law puts an end to the contract otherwise than for its breach. On "termination" all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives. (see "cancellation")

(Article 2a) Occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.

termination statement

(Article 9) An amendment of a financing statement which:

- Identifies, by its file number, the initial financing statement to which it relates; and
- Indicates either that it is a termination statement or that the identified financing statement is no longer effective.

transmitting utility

(Article 9) A person primarily engaged in the business of:

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

unauthorized signature

(Article 1) A signature made without actual, implied, or apparent authority. The term includes a forgery.

uncertificated security

(Article 8) A security that is not represented by a certificate.

United States

(Article 6) Includes its territories and possessions and the Commonwealth of Puerto Rico.

value

(Article 6) Fair market value.

verified

(Article 6) Signed and sworn to or affirmed.

warehouse

(Article 7) A person engaged in the business of storing goods for hire.

warehouse receipt

(Article 1) A receipt issued by a person engaged in the business of storing goods for hire.

writing

(Article 1) Includes printing, typewriting, or any other intentional reduction to tangible form. "Written" has a corresponding meaning.

UCC Terms and Definitions in Chronological Order

ARTICLE 1 - GENERAL PROVISIONS

Scope of Article.

This article applies to a transaction to the extent that it is governed by another article of the Uniform Commercial Code.

§ 1-201. General Definitions.

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

(b) Subject to definitions contained in other articles of the Uniform Commercial Code that apply to particular articles or parts thereof:

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

(2) "**Aggrieved party**" means a party entitled to pursue a remedy.

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

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

(5) "**Bearer**" means a person in possession of a negotiable instrument, document of title, or certificated security that is payable to bearer or indorsed in blank.

(6) "**Bill of lading**" means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods.

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

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

(9) "**Buyer in ordinary course of business**" means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Article 2 may be a buyer in ordinary course of business. "Buyer in ordinary course of business" does

not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(10) "**Conspicuous**", with reference to a term, means so written, displayed, or presented that a reasonable person against which it is to operate ought to have noticed it. Whether a term is "conspicuous" or not is a decision for the court. Conspicuous terms include the following: (A) a heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same or lesser size; and (B) language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.

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

(12) "**Contract**", as distinguished from "agreement", means the total legal obligation that results from the parties' agreement as determined by the Uniform Commercial Code as supplemented by any other applicable laws.

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

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

(15) "**Delivery**", with respect to an instrument, document of title, or chattel paper, means voluntary transfer of possession.

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

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

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

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

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

(21) "**Holder**" means: (A) the person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession; or (B)

the person in possession of a document of title if the goods are deliverable either to bearer or to the order of the person in possession.

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

(23) "**Insolvent**" means: (A) having generally ceased to pay debts in the ordinary course of business other than as a result of bona fide dispute; (B) being unable to pay debts as they become due; or (C) being insolvent within the meaning of federal bankruptcy law.

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

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

(26) "**Party**", as distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to the Uniform Commercial Code.

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

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

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

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

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

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

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

(34) "**Right**" includes remedy.

(35) "**Security interest**" means an interest in personal property or fixtures which secures payment or performance of an obligation. "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Article 9. "Security interest" does not include the special property interest of a buyer of goods on identification of those goods to

a contract for sale under Section 2-505, the right of a seller or lessor of goods under Article 2 or 2A to retain or acquire possession of the goods is not a "security interest", but a seller or lessor may also acquire a "security interest" by complying with Article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under Section 2-401 is limited in effect to a reservation of a "security interest." Whether a transaction in the form of a lease creates a "security interest" is determined pursuant to Section 1-203.

(36) "**Send**" in connection with a writing, record, or notice means: (A) to deposit in the mail or deliver for transmission by any other usual means of communication with postage or cost of transmission provided for and properly addressed and, in the case of an instrument, to an address specified thereon or otherwise agreed, or if there be none to any address reasonable under the circumstances; or (B) in any other way to cause to be received any record or notice within the time it would have arrived if properly sent.

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

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

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

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

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

(42) "**Warehouse receipt**" means a receipt issued by a person engaged in the business of storing goods for hire.

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

ARTICLE 2 - SALES

Scope; Certain Security and Other Transactions Excluded From This Article.

Unless the context otherwise requires, this Article applies to transactions in goods; it does not apply to any transaction which although in the form of an unconditional contract to sell or present sale is intended to operate only as a security transaction nor does this Article impair or repeal any statute regulating sales to consumers, farmers or other specified classes of buyers.

Definitions and Index of Definitions.

(1) In this Article unless the context otherwise requires

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

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

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

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

(2) Other definitions applying to this Article or to specified Parts thereof, and the sections in which they appear are:

"Acceptance". Section 2-606 .	"Identification". Section 2-501 .
"Banker's credit". Section 2-325 .	"Installment contract". Section 2-612 .
"Between Merchants". Section 2-104 .	"Letter of Credit". Section 2-325 .
"Cancellation". Section 2-106(4) .	"Lot". Section 2-105 .
"Commercial unit". Section 2-105 .	"Merchant". Section 2-104 .
"Confirmed credit". Section 2-325 .	"Overseas". Section 2-323 .
"Conforming to contract". Section 2-106 .	"Person in position of Seller". Section 2-707 .
"Contract for sale". Section 2-106 .	"Present sale". Section 2-106 .
"Cover". Section 2-712 .	"Sale". Section 2-106 .
"Entrusting". Section 2-403 .	"Sale on approval". Section 2-326 .
"Financing agency". Section 2-104 .	"Sale or return". Section 2-326 .
"Future Goods". Section 2-105 .	"Termination". Section 2-106 .
"Goods". Section 2-105 .	

(3) The following definitions in other Articles apply to this Article:

"Check". Section 3-104 .	"Consumer Goods". Section 9-109 .
"Consignee". Section 7-102 .	"Dishonor". Section 3-507 .
"Consignor". Section 7-102 .	"Draft". Section 3-104 .

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

§ 2-104. Definitions: "Merchant"; "Between Merchants"; "Financing Agency".

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

(2) "Financing agency" means a bank, finance company or other person who in the ordinary course of business makes advances against goods or documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under

the contract for sale, as by purchasing or paying the seller's draft or making advances against it or by merely taking it for collection whether or not documents of title accompany the draft. "Financing agency" includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods (Section 2-707).

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

§ 2-105. Definitions: Transferability; "Goods"; "Future" Goods; "Lot"; "Commercial Unit".

(1)"**Goods**" means all things (including specially manufactured goods) which are movable at the time of identification to the contract for sale other than the money in which the price is to be paid, investment securities (Article 8) and things in action. "Goods" also includes the unborn young of animals and growing crops and other identified things attached to realty as described in the section on goods to be severed from realty (Section 2-107).

(2) Goods must be both existing and identified before any interest in them can pass. Goods which are not both existing and identified are "**future**" goods. A purported present sale of future goods or of any interest therein operates as a contract to sell.

(3) There may be a sale of a part interest in existing identified goods.

(4) An undivided share in an identified bulk of fungible goods is sufficiently identified to be sold although the quantity of the bulk is not determined. Any agreed proportion of such a bulk or any quantity thereof agreed upon by number, weight or other measure may to the extent of the seller's interest in the bulk be sold to the buyer who then becomes an owner in common.

(5)"**Lot**" means a parcel or a single article which is the subject matter of a separate sale or delivery, whether or not it is sufficient to perform the contract.

(6)"**Commercial unit**" means such a unit of goods as by commercial usage is a single whole for purposes of sale and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article (as a machine) or a set of articles (as a suite of furniture or an assortment of sizes) or a quantity (as a bale, gross, or carload) or any other unit treated in use or in the relevant market as a single whole.

§ 2-106. Definitions: "Contract"; "Agreement"; "Contract for sale"; "Sale"; "Present sale"; "Conforming" to Contract; "Termination"; "Cancellation".

(1) In this Article unless the context otherwise requires "**contract**" and "**agreement**" are limited to those relating to the present or future sale of goods. "**Contract for sale**" includes both a present sale of goods and a contract to sell goods at a future time. A "sale" consists in the passing of title from the seller to the buyer for a price (Section 2-401). A "present sale" means a sale which is accomplished by the making of the contract.

(2) Goods or conduct including any part of a performance are "**conforming**" or conform to the contract when they are in accordance with the obligations under the contract.

(3)"**Termination**" occurs when either party pursuant to a power created by agreement or law puts an end to the contract otherwise than for its breach. On "termination" all obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

(4) "Cancellation" occurs when either party puts an end to the contract for breach by the other and its effect is the same as that of "termination" except that the cancelling party also retains any remedy for breach of the whole contract or any unperformed balance.

U.C.C. - ARTICLE 2A - LEASES

§ 2A-102. SCOPE.

This Article applies to any transaction, regardless of form, that creates a lease.

§ 2A-103. DEFINITIONS AND INDEX OF DEFINITIONS.

(1) In this Article unless the context otherwise requires:

(a) "**Buyer in ordinary course of business**" means a person who in good faith and without knowledge that the sale to him [or her] is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. "Buying" may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a pre-existing contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

(e) "**Consumer lease**" means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or household purpose [, if the total payments to be made under the lease contract, excluding payments for options to renew or buy, do not exceed \$_____].

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

(g) "**Finance lease**" means a lease with respect to which:

(i) the lessor does not select, manufacture, or supply the goods;

- (ii) the lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and
 - (iii) one of the following occurs: (A) the lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;
- (B) the lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;
- (C) the lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or
- (D) if the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing (a) of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person, (b) that the lessee is entitled under this Article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods, and (c) that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

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

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

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

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

(l) "**Lease contract**" means the total legal obligation that results from the lease agreement as affected by this Article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

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

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

(o) "**Lessee in ordinary course of business**" means a person who in good faith and without knowledge that the lease to him [or her] is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a pre-existing lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

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

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

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

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

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

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

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

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

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

"Accessions". Section 2A-310(1) .	"Fixtures". Section 2A-309(1)(a) .
"Construction mortgage". Section 2A-309(1)(d) .	"Fixture filing". Section 2A-309(1)(b) .
"Encumbrance". Section 2A-309(1)(e) .	"Purchase money lease". Section 2A-309(1)(c) .

(3) The following definitions in other Articles apply to this Article:

"Account". Section 9-106 .	"Merchant". Section 2-104(1) .
"Between merchants". Section 2-104(3) .	"Mortgage". Section 9-105(1)(j) .
"Buyer". Section 2-103(1)(a) .	"Pursuant to commitment". Section 9-105(1)(k) .
"Chattel paper". Section 9-105(1)(b) .	"Receipt". Section 2-103(1)(c) .
"Consumer goods". Section 9-109(1) .	"Sale". Section 2-106(1) .
"Document". Section 9-105(1)(f) .	"Sale on approval". Section 2-326 .
"Entrusting". Section 2-403(3) .	"Sale or return". Section 2-326 .
"General intangibles". Section 9-106 .	"Seller". Section 2-103(1)(d) .
"Good faith". Section 2-103(1)(b) .	
"Instrument". Section 9-105(1)(i) .	

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

U.C.C. - ARTICLE 3 - NEGOTIABLE INSTRUMENTS

SUBJECT MATTER.

This Article applies to negotiable instruments. It does not apply to money, to payment orders governed by Article 4A, or to securities governed by Article 8.

If there is conflict between this Article and Article 4 or 9, Articles 4 and 9 govern.

Regulations of the Board of Governors of the Federal Reserve System and operating circulars of the Federal Reserve Banks supersede any inconsistent provision of this Article to the extent of the inconsistency.

§ 3-103. DEFINITIONS.

(a) In this Article:

(1)"**Acceptor**" means a drawee who has accepted a draft.

(2)"**Consumer account**" means an account established by an individual primarily for personal, family, or household purposes.

(3)"**Consumer transaction**" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes.

(4)"**Drawee**" means a person ordered in a draft to make payment.

(5)"**Drawer**" means a person who signs or is identified in a draft as a person ordering payment.

(6) [reserved]

(7)"**Maker**" means a person who signs or is identified in a note as a person undertaking to pay.

(8)"**Order**" means a written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay.

(9)"**Ordinary care**" in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this Article or Article 4.

(10)"**Party**" means a party to an instrument.

(11) "**Principal obligor**," with respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this article.

(12) "**Promise**" means a written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation.

(13) "**Prove**" with respect to a fact means to meet the burden of establishing the fact (Section [1-201\(b\)\(8\)](#)).

(14) [reserved]

(15) "**Remitter**" means a person who purchases an [instrument](#) from its [issuer](#) if the instrument is payable to an identified person other than the purchaser.

(16) "**Remotely-created consumer item**" means an item drawn on a consumer account, which is not created by the payor bank and does not bear a handwritten signature purporting to be the signature of the drawer.

(17) "**Secondary obligor**," with respect to an instrument, means (a) an indorser or an accommodation party, (b) a drawer having the obligation described in Section [3-414\(d\)](#), or (c) any other party to the instrument that has recourse against another party to the instrument pursuant to Section [3-116\(b\)](#).

(b) Other definitions applying to this Article and the sections in which they appear are:

"Acceptance" Section 3-409	"Issue" Section 3-105
"Accommodated party" Section 3-419	"Issuer" Section 3-105
"Accommodation party" Section 3-419	"Negotiable instrument" Section 3-104
"Account" Section 4-104	"Negotiation" Section 3-201
"Alteration" Section 3-407	"Note" Section 3-104
"Anomalous indorsement" Section 3-205	"Payable at a definite time" Section 3-108
"Blank indorsement" Section 3-205	"Payable on demand" Section 3-108
"Cashier's check" Section 3-104	"Payable to bearer" Section 3-109
"Certificate of deposit" Section 3-104	"Payable to order" Section 3-109
"Certified check" Section 3-409	"Payment" Section 3-602
"Check" Section 3-104	"Person entitled to enforce" Section 3-301
"Consideration" Section 3-303	"Presentment" Section 3-501
"Draft" Section 3-104	"Reacquisition" Section 3-207
"Holder in due course" Section 3-302	"Special indorsement" Section 3-205
"Incomplete instrument" Section 3-115	"Teller's check" Section 3-104

"Indorsement" Section 3-204	"Transfer of instrument" Section 3-203
"Indorser" Section 3-204	"Traveler's check" Section 3-104
"Instrument" Section 3-104	"Value" Section 3-303

(c) The following definitions in other Articles apply to this Article:

"Banking day" Section 4-104	"Intermediary bank" Section 4-105
"Clearing house" Section 4-104	"Item" Section 4-104
"Collecting bank" Section 4-105	"Payor bank" Section 4-105
"Depository bank" Section 4-105	"Suspends payments" Section 4-104
"Documentary draft" Section 4-104	

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

U.C.C. - ARTICLE 4 - BANK DEPOSITS AND COLLECTIONS

APPLICABILITY.

To the extent that items within this Article are also within Articles 3 and 8, they are subject to those Articles. If there is conflict, this Article governs Article 3, but Article 8 governs this Article.

The liability of a bank for action or non-action with respect to an item handled by it for purposes of presentment, payment, or collection is governed by the law of the place where the bank is located. In the case of action or non-action by or at a branch or separate office of a bank, its liability is governed by the law of the place where the branch or separate office is located.

§ 4-104. DEFINITIONS AND INDEX OF DEFINITIONS.

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

- (1) "**Account**" means any deposit or credit account with a bank, including a demand, time, savings, passbook, share draft, or like account, other than an account evidenced by a certificate of deposit;
- (2) "**Afternoon**" means the period of a day between noon and midnight;
- (3) "**Banking day**" means the part of a day on which a bank is open to the public for carrying on substantially all of its banking functions;
- (4) "**Clearing house**" means an association of banks or other payors regularly clearing items;
- (5) "**Customer**" means a person having an account with a bank or for whom a bank has agreed to collect items, including a bank that maintains an account at another bank;

(6) "Documentary draft" means a draft to be presented for acceptance or payment if specified documents, certificated securities (Section [8-102](#)) or instructions for uncertificated securities (Section [8-102](#)), or other certificates, statements, or the like are to be received by the drawee or other payor before acceptance or payment of the draft;

(7) "Draft" means a draft as defined in Section [3-104](#) or an item, other than an instrument, that is an order.

(8) "Drawee" means a person ordered in a draft to make payment.

(9) "Item" means an instrument or a promise or order to pay money handled by a bank for collection or payment. The term does not include a payment order governed by Article 4A or a credit or debit card slip;

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

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

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

(b) Other definitions applying to this Article and the sections in which they appear are:

"Agreement for electronic presentment" Section 4-110	"Intermediary bank" Section 4-105 "Payor bank" Section 4-105 "Presenting bank" Section 4-105 "Presentment notice" Section 4-110
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(c) "Control" as provided in Section [7-106](#) and the following definitions in other Articles apply to this Article:

"Acceptance" Section 3-409 "Alteration" Section 3-407 "Cashier's check" Section 3-104 "Certificate of deposit" Section 3-104 "Certified check" Section 3-409 "Check" Section 3-104 "Holder in due course" Section 3-302	"Person entitled to enforce" Section 3-301 "Presentment" Section 3-501 "Promise" Section 3-103 "Prove" Section 3-103 "Record" Section 3-103 . "Remotely-Created consumer item" Section 3-103 . "Teller's check" Section 3-104
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<p>"Instrument" Section 3-104</p> <p>"Notice of dishonor" Section 3-503</p> <p>"Order" Section 3-103</p> <p>"Ordinary care" Section 3-103</p>	<p>"Unauthorized signature" Section 3-403</p>
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(d) In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

§ 4-105. "BANK"; "DEPOSITORY BANK"; "PAYOR BANK"; "INTERMEDIARY BANK"; "COLLECTING BANK"; "PRESENTING BANK".

In this Article :

- (1) "**Bank**" means a person engaged in the business of banking, including a savings bank, savings and loan association, credit union, or trust company;
- (2) "**Depository bank**" means the first bank to take an item even though it is also the payor bank, unless the item is presented for immediate payment over the counter;
- (3) "**Payor bank**" means a bank that is the drawee of a draft;
- (4) "**Intermediary bank**" means a bank to which an item is transferred in course of collection except the depository or payor bank;
- (5) "**Collecting bank**" means a bank handling an item for collection except the payor bank;
- (6) "**Presenting bank**" means a bank presenting an item except a payor bank.

U.C.C. - ARTICLE 4A - FUNDS TRANSFER

§ 4A-102. SUBJECT MATTER.

Except as otherwise provided in Section [4A-108](#), this Article applies to funds transfers defined in Section [4A-104](#).

§ 4A-103. PAYMENT ORDER - DEFINITIONS.

(a) In this Article:

- (1)"**Payment order**" means an instruction of a sender to a receiving bank, transmitted orally, electronically, or in writing, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if:
 - (i) the instruction does not state a condition to payment to the beneficiary other than time of payment,
 - (ii) the receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender, and
 - (iii) the instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system, or communication system for transmittal to the receiving bank.

- (2)"**Beneficiary**" means the person to be paid by the beneficiary's bank.
- (3)"**Beneficiary's bank**" means the bank identified in a payment order in which an account of the beneficiary is to be credited pursuant to the order or which otherwise is to make payment to the beneficiary if the order does not provide for payment to an account.
- (4)"**Receiving bank**" means the bank to which the sender's instruction is addressed.
- (5)"**Sender**" means the person giving the instruction to the receiving bank.
- (b) If an instruction complying with subsection (a)(1) is to make more than one payment to a beneficiary, the instruction is a separate payment order with respect to each payment.
- (c) A payment order is issued when it is sent to the receiving bank.

§ 4A-104. FUNDS TRANSFER - DEFINITIONS.

In this Article:

- (a)"**Funds transfer**" means the series of transactions, beginning with the originator's payment order, made for the purpose of making payment to the beneficiary of the order. The term includes any payment order issued by the originator's bank or an intermediary bank intended to carry out the originator's payment order. A funds transfer is completed by acceptance by the beneficiary's bank of a payment order for the benefit of the beneficiary of the originator's payment order.
- (b)"**Intermediary bank**" means a receiving bank other than the originator's bank or the beneficiary's bank.
- (c)"**Originator**" means the sender of the first payment order in a funds transfer.
- (d)"**Originator's bank**" means (i) the receiving bank to which the payment order of the originator is issued if the originator is not a bank, or (ii) the originator if the originator is a bank.

§ 4A-105. OTHER DEFINITIONS.

- (a) In this Article:
- (1)"**Authorized account**" means a deposit account of a customer in a bank designated by the customer as a source of payment of payment orders issued by the customer to the bank. If a customer does not so designate an account, any account of the customer is an authorized account if payment of a payment order from that account is not inconsistent with a restriction on the use of that account.
- (2)"**Bank**" means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union, and trust company. A branch or separate office of a bank is a separate bank for purposes of this Article.
- (3)"**Customer**" means a person, including a bank, having an account with a bank or from whom a bank has agreed to receive payment orders.
- (4)"**Funds-transfer business day**" of a receiving bank means the part of a day during which the receiving bank is open for the receipt, processing, and transmittal of payment orders and cancellations and amendments of payment orders.

(5)"**Funds-transfer system**" means a wire transfer network, automated clearing house, or other communication system of a clearing house or other association of banks through which a payment order by a bank may be transmitted to the bank to which the order is addressed.

(6) [reserved]

(7)"**Prove**" with respect to a fact means to meet the burden of establishing the fact (Section 1-201(b)(8)).

(b) Other definitions applying to this Article and the sections in which they appear are:

"**Acceptance**" Section 4A-209

"**Beneficiary**" Section 4A-103

"**Beneficiary's bank**" Section 4A-103

"**Executed**" Section 4A-301

"**Execution date**" Section 4A-301

"**Funds transfer**" Section 4A-104

"**Funds-transfer system rule**" Section 4A-501

"**Intermediary bank**" Section 4A-104

"**Originator**" Section 4A-104

"**Originator's bank**" Section 4A-104

"**Payment by beneficiary's bank to beneficiary**" Section 4A-405

"**Payment by originator to beneficiary**" Section 4A-406

"**Payment by sender to receiving bank**" Section 4A-403

"**Payment date**" Section 4A-401

"**Payment order**" Section 4A-103

"**Receiving bank**" Section 4A-103

"**Security procedure**" Section 4A-201

"**Sender**" Section 4A-103

(c) The following definitions in Article 4 apply to this Article:

"**Clearing house**" Section 4-104

"**Item**" Section 4-104

"**Suspends payments**" Section 4-104

(d) In addition Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

U.C.C. - ARTICLE 5 - LETTERS OF CREDIT

§ 5-103. Scope.

- (a) This article applies to letters of credit and to certain rights and obligations arising out of transactions involving letters of credit.
- (b) The statement of a rule in this article does not by itself require, imply, or negate application of the same or a different rule to a situation not provided for, or to a person not specified, in this article.
- (c) With the exception of this subsection, subsections (a) and (d), Sections [5-102\(a\)\(9\)](#) and [\(10\)](#), [5-106\(d\)](#), and [5-114\(d\)](#), and except to the extent prohibited in Sections [1-302](#) and [5-117\(d\)](#), the effect of this article may be varied by agreement or by a provision stated or incorporated by reference in an undertaking. A term in an agreement or undertaking generally excusing liability or generally limiting remedies for failure to perform obligations is not sufficient to vary obligations prescribed by this article.
- (d) Rights and obligations of an [issuer](#) to a [beneficiary](#) or a [nominated person](#) under a [letter of credit](#) are independent of the existence, performance, or nonperformance of a contract or arrangement out of which the letter of credit arises or which underlies it, including contracts or arrangements between the issuer and the [applicant](#) and between the applicant and the beneficiary.

§ 5-102. Definitions.

- (a) In this article:
 - (1) "**Adviser**" means a person who, at the request of the [issuer](#), a [confirmor](#), or another adviser, notifies or requests another adviser to notify the [beneficiary](#) that a [letter of credit](#) has been issued, confirmed, or amended.
 - (2) "**Applicant**" means a person at whose request or for whose account a letter of credit is issued. The term includes a person who requests an [issuer](#) to issue a [letter of credit](#) on behalf of another if the person making the request undertakes an obligation to reimburse the issuer.
 - (3) "**Beneficiary**" means a person who under the terms of a letter of credit is entitled to have its complying [presentation](#) honored. The term includes a person to whom drawing rights have been transferred under a transferable [letter of credit](#).
 - (4) "**Confirmor**" means a [nominated person](#) who undertakes, at the request or with the consent of the [issuer](#), to [honor](#) a [presentation](#) under a [letter of credit](#) issued by another.
 - (5) "**Dishonor**" of a [letter of credit](#) means failure timely to [honor](#) or to take an interim action, such as [acceptance](#) of a draft, that may be required by the letter of credit.
 - (6) "**Document**" means a draft or other demand, document of title, investment security, certificate, invoice, or other [record](#), statement, or representation of fact, law, right, or opinion (i) which is presented in a written or other medium permitted by the [letter of creditor](#), unless prohibited by the letter of credit, by the standard practice referred to in Section [5-108\(e\)](#) and (ii) which is capable of being examined for compliance with the terms and conditions of the letter of credit. A document may not be oral.

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

(8) "Honor" of a letter of credit means performance of the issuer's undertaking in the letter of credit to pay or deliver an item of value. Unless the letter of credit otherwise provides, "honor" occurs (i) upon payment,(ii) if the letter of credit provides for acceptance, upon acceptance of a draft and, at maturity, its payment, or(iii) if the letter of credit provides for incurring a deferred obligation, upon incurring the obligation and, at maturity, its performance.

(9) "Issuer" means a bank or other person that issues a letter of credit, but does not include an individual who makes an engagement for personal, family, or household purposes.

(10)"**Letter of credit**" means a definite undertaking that satisfies the requirements of Section 5-104 by an issuer to a beneficiary at the request or for the account of an applicant or, in the case of a financial institution, to itself or for its own account, to honor a documentary presentation by payment or delivery of an item of value.

(11) "**Nominated person**" means a person whom the issuer (i) designates or authorizes to pay, accept, negotiate, or otherwise give value under a letter of credit and (ii) undertakes by agreement or custom and practice to reimburse.

(12) "**Presentation**" means delivery of a document to an issuer or nominated person for honor or giving of value under a letter of credit.

(13)"**Presenter**" means a person making a presentation as or on behalf of a beneficiary or nominated person.

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

(15) "**Successor of a beneficiary**" means a person who succeeds to substantially all of the rights of a beneficiary by operation of law, including a corporation with or into which the beneficiary has been merged or consolidated, an administrator, executor, personal representative, trustee in bankruptcy, debtor in possession, liquidator, and receiver.

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

"Accept" or **"Acceptance"** Section 3-409

"Value" Sections 3-303, 4-211

(c) Article 1 contains certain additional general definitions and principles of construction and interpretation applicable throughout this article.

U.C.C. - ARTICLE 6 - BULK SALES

§ 6-103. APPLICABILITY OF ARTICLE.

(1) Except as otherwise provided in subsection (3), this Article applies to a bulk sale if:

(a) the seller's principal business is the sale of inventory from stock; and

(b) on the date of the bulk-sale agreement the seller is located in this state or, if the seller is located in a jurisdiction that is not a part of the United States, the seller's major executive office in the United States is in this state.

(2) A seller is deemed to be located at his [or her] place of business. If a seller has more than one place of business, the seller is deemed located at his [or her] chief executive office.

(3) This Article does not apply to:

- (a) a transfer made to secure payment or performance of an obligation;
- (b) a transfer of collateral to a secured party pursuant to Section 9-609;
- (c) a sale of collateral pursuant to Section 9-610;
- (d) retention of collateral pursuant to Section 9-620;
- (e) a sale of an asset encumbered by a security interest or lien if (i) all the proceeds of the sale are applied in partial or total satisfaction of the debt secured by the security interest or lien or (ii) the security interest or lien is enforceable against the asset after it has been sold to the buyer and the net contract price is zero;
- (f) a general assignment for the benefit of creditors or to a subsequent transfer by the assignee;
- (g) a sale by an executor, administrator, receiver, trustee in bankruptcy, or any public officer under judicial process;
- (h) a sale made in the course of judicial or administrative proceedings for the dissolution or reorganization of an organization;
- (i) a sale to a buyer whose principal place of business is in the United States and who:
 - (i) not earlier than 21 days before the date of the bulk sale, (A) obtains from the seller a verified and dated list of claimants of whom the seller has notice three days before the seller sends or delivers the list to the buyer or (B) conducts a reasonable inquiry to discover the claimants;
 - (ii) assumes in full the debts owed to claimants of whom the buyer has knowledge on the date the buyer receives the list of claimants from the seller or on the date the buyer completes the reasonable inquiry, as the case may be;
 - (iii) is not insolvent after the assumption; and
 - (iv) gives written notice of the assumption not later than 30 days after the date of the bulk sale by sending or delivering a notice to the claimants identified in subparagraph (ii) or by filing a notice in the office of the [Secretary of State];
- (j) a sale to a buyer whose principal place of business is in the United States and who:
 - (i) assumes in full the debts that were incurred in the seller's business before the date of the bulk sale;
 - (ii) is not insolvent after the assumption; and

(iii) gives written notice of the assumption not later than 30 days after the date of the bulk sale by sending or delivering a notice to each creditor whose debt is assumed or by filing a notice in the office of the [Secretary of State];

(k) a sale to a new organization that is organized to take over and continue the business of the seller and that has its principal place of business in the United States if:

(i) the buyer assumes in full the debts that were incurred in the seller's business before the date of the bulk sale;

(ii) the seller receives nothing from the sale except an interest in the new organization that is subordinate to the claims against the organization arising from the assumption; and

(iii) the buyer gives written notice of the assumption not later than 30 days after the date of the bulk sale by sending or delivering a notice to each creditor whose debt is assumed or by filing a notice in the office of the [Secretary of State];

(l) a sale of assets having:

(i) a value, net of liens and security interests, of less than \$10,000. If a debt is secured by assets and other property of the seller, the net value of the assets is determined by subtracting from their value an amount equal to the product of the debt multiplied by a fraction, the numerator of which is the value of the assets on the date of the bulk sale and the denominator of which is the value of all property securing the debt on the date of the bulk sale; or

(ii) a value of more than \$25,000,000 on the date of the bulk-sale agreement; or

(m) a sale required by, and made pursuant to, statute.

(4) The notice under subsection (3)(i)(iv) must state: (i) that a sale that may constitute a bulk sale has been or will be made; (ii) the date or prospective date of the bulk sale; (iii) the individual, partnership, or corporate names and the addresses of the seller and buyer; (iv) the address to which inquiries about the sale may be made, if different from the seller's address; and (v) that the buyer has assumed or will assume in full the debts owed to claimants of whom the buyer has knowledge on the date the buyer receives the list of claimants from the seller or completes a reasonable inquiry to discover the claimants.

(5) The notice under subsections (3)(j)(iii) and (3)(k)(iii) must state: (i) that a sale that may constitute a bulk sale has been or will be made; (ii) the date or prospective date of the bulk sale; (iii) the individual, partnership, or corporate names and the addresses of the seller and buyer; (iv) the address to which inquiries about the sale may be made, if different from the seller's address; and (v) that the buyer has assumed or will assume the debts that were incurred in the seller's business before the date of the bulk sale.

(6) For purposes of subsection (3)(l), the value of assets is presumed to be equal to the price the buyer agrees to pay for the assets. However, in a sale by auction or a sale conducted by a liquidator on the seller's behalf, the value of assets is presumed to be the amount the auctioneer or liquidator reasonably estimates the assets will bring at auction or upon liquidation.

§ 6-102. Definitions and Index of Definitions.

(1) In this Article, unless the context otherwise requires:

(a) "**Assets**" means the inventory that is the subject of a bulk sale and any tangible and intangible personal property used or held for use primarily in, or arising from, the seller's business and sold in connection with that inventory, but the term does not include:

- (i) fixtures (Section 9-102(a)(41)) other than readily removable factory and office machines;
- (ii) the lessee's interest in a lease of real property; or
- (iii) property to the extent it is generally exempt from creditor process under nonbankruptcy law.

(b) "**Auctioneer**" means a person whom the seller engages to direct, conduct, control, or be responsible for a sale by auction.

(c) "**Bulk sale**" means:

- (i) in the case of a sale by auction or a sale or series of sales conducted by a liquidator on the seller's behalf, a sale or series of sales not in the ordinary course of the seller's business of more than half of the seller's inventory, as measured by value on the date of the bulk-sale agreement, if on that date the auctioneer or liquidator has notice, or after reasonable inquiry would have had notice, that the seller will not continue to operate the same or a similar kind of business after the sale or series of sales; and
- (ii) in all other cases, a sale not in the ordinary course of the seller's business of more than half the seller's inventory, as measured by value on the date of the bulk-sale agreement, if on that date the buyer has notice, or after reasonable inquiry would have had notice, that the seller will not continue to operate the same or a similar kind of business after the sale.

(d) "**Claim**" means a right to payment from the seller, whether or not the right is reduced to judgment, liquidated, fixed, matured, disputed, secured, legal, or equitable. The term includes costs of collection and attorney's fees only to the extent that the laws of this state permit the holder of the claim to recover them in an action against the obligor.

(e) "**Claimant**" means a person holding a claim incurred in the seller's business other than:

- (i) an unsecured and unmatured claim for employment compensation and benefits, including commissions and vacation, severance, and sick-leave pay;
- (ii) a claim for injury to an individual or to property, or for breach of warranty, unless:
 - (A) a right of action for the claim has accrued;
 - (B) the claim has been asserted against the seller; and
 - (C) the seller knows the identity of the person asserting the claim and the basis upon which the person has asserted it; and

(States To Select One Alternative)

ALTERNATIVE A

[(iii) a claim for taxes owing to a governmental unit.]

ALTERNATIVE B

[(iii) a claim for taxes owing to a governmental unit, if:

(A) a statute governing the enforcement of the claim permits or requires notice of the bulk sale to be given to the governmental unit in a manner other than by compliance with the requirements of this Article; and

(B) notice is given in accordance with the statute.]

(f) "**Creditor**" means a claimant or other person holding a claim.

(g) (i) "**Date of the bulk sale**" means:

(A) if the sale is by auction or is conducted by a liquidator on the seller's behalf, the date on which more than ten percent of the net proceeds is paid to or for the benefit of the seller; and

(B) in all other cases, the later of the date on which:

(I) more than ten percent of the net contract price is paid to or for the benefit of the seller; or

(II) more than ten percent of the assets, as measured by value, are transferred to the buyer.

(ii) For purposes of this subsection:

(A) Delivery of a negotiable instrument (Section 3-104(1) [sic]) to or for the benefit of the seller in exchange for assets constitutes payment of the contract price pro tanto;

(B) To the extent that the contract price is deposited in an escrow, the contract price is paid to or for the benefit of the seller when the seller acquires the unconditional right to receive the deposit or when the deposit is delivered to the seller or for the benefit of the seller, whichever is earlier; and

(C) An asset is transferred when a person holding an unsecured claim can no longer obtain through judicial proceedings rights to the asset that are superior to those of the buyer arising as a result of the bulk sale. A person holding an unsecured claim can obtain those superior rights to a tangible asset at least until the buyer has an unconditional right, under the bulk-sale agreement, to possess the asset, and a person holding an unsecured claim can obtain those superior rights to an intangible asset at least until the buyer has an unconditional right, under the bulk-sale agreement, to use the asset.

(h) "**Date of the bulk-sale agreement**" means:

(i) in the case of a sale by auction or conducted by a liquidator (subsection (c)(i)), the date on which the seller engages the auctioneer or liquidator; and

(ii) in all other cases, the date on which a bulk-sale agreement becomes enforceable between the buyer and the seller.

(i) "**Debt**" means liability on a claim.

(j) "**Liquidator**" means a person who is regularly engaged in the business of disposing of assets for businesses contemplating liquidation or dissolution.

(k) "**Net contract price**" means the new consideration the buyer is obligated to pay for the assets less:

(i) the amount of any proceeds of the sale of an asset, to the extent the proceeds are applied in partial or total satisfaction of a debt secured by the asset; and

(ii) the amount of any debt to the extent it is secured by a security interest or lien that is enforceable against the asset before and after it has been sold to a buyer. If a debt is secured by an asset and other property of the seller, the amount of the debt secured by a security interest or lien that is enforceable against the asset is determined by multiplying the debt by a fraction, the numerator of which is the value of the new consideration for the asset on the date of the bulk sale and the denominator of which is the value of all property securing the debt on the date of the bulk sale.

(l) "**Net proceeds**" means the new consideration received for assets sold at a sale by auction or a sale conducted by a liquidator on the seller's behalf less:

(i) commissions and reasonable expenses of the sale;

(ii) the amount of any proceeds of the sale of an asset, to the extent the proceeds are applied in partial or total satisfaction of a debt secured by the asset; and

(iii) the amount of any debt to the extent it is secured by a security interest or lien that is enforceable against the asset before and after it has been sold to a buyer. If a debt is secured by an asset and other property of the seller, the amount of the debt secured by a security interest or lien that is enforceable against the asset is determined by multiplying the debt by a fraction, the numerator of which is the value of the new consideration for the asset on the date of the bulk sale and the denominator of which is the value of all property securing the debt on the date of the bulk sale.

(m) A sale is "**in the ordinary course of the seller's business**" if the sale comports with usual or customary practices in the kind of business in which the seller is engaged or with the seller's own usual or customary practices.

(n) "**United States**" includes its territories and possessions and the Commonwealth of Puerto Rico.

(o) "**Value**" means fair market value.

(p) "**Verified**" means signed and sworn to or affirmed.

(2) The following definitions in other Articles apply to this Article:

(a) "**Buyer.**" Section 2-103(1)(a).

(b) "**Equipment.**" Section 9-102(a)(33).

(c) "**Inventory.**" Section [9-102\(a\)\(48\)](#).

(d) "**Sale.**" Section [2-106\(1\)](#).

(e) "**Seller.**" Section [2-103\(1\)\(d\)](#).

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

U.C.C. - ARTICLE 7 - DOCUMENTS OF TITLE

§ 7-103. Relation of Article to Treaty or Statute.

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

(b) This article does not repeal or modify any law prescribing the form or contents of a document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a bailee's businesses in respects not specifically treated in this article. However, violation of these laws does not affect the status of a document of title that otherwise complies with the definition of a document of title.

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

(d) To the extent there is a conflict between the Uniform Electronic Transactions Act and this article, this article governs.

§ 7-102. Definitions and Index of Definitions.

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

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

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

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

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

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

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

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

(8) "**Issuer**" means a bailee that issues a document of title or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an

agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer's instructions.

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

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

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

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

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

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

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

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

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

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

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

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

U.C.C. - ARTICLE 8 - INVESTMENT SECURITIES

§ 8-102. DEFINITIONS.

(a) In this Article:

(1) "**Adverse claim**" means a claim that a claimant has a property interest in a financial asset and that it is a violation of the rights of the claimant for another person to hold, transfer, or deal with the financial asset.

(2) "**Bearer form**," as applied to a certificated security, means a form in which the security is payable to the bearer of the security certificate according to its terms but not by reason of an indorsement.

(3) "**Broker**" means a person defined as a broker or dealer under the federal securities laws, but without excluding a bank acting in that capacity.

(4) "**Certificated security**" means a security that is represented by a certificate.

(5) "**Clearing corporation**" means:

(i) a person that is registered as a "clearing agency" under the federal securities laws;

(ii) a federal reserve bank; or

(iii) any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority.

(6) "**Communicate**" means to:

- (i) send a signed writing; or
- (ii) transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.

(7) "**Entitlement holder**" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of Section 8-501(b)(2) or (3), that person is the entitlement holder.

(8) "**Entitlement order**" means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement.

(9) "**Financial asset**," except as otherwise provided in Section 8-103, means:

- (i) a security;
- (ii) an obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or
- (iii) any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.

As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement.

(10) [reserved]

(11) "**Indorsement**" means a signature that alone or accompanied by other words is made on a security certificate in registered form or on a separate document for the purpose of assigning, transferring, or redeeming the security or granting a power to assign, transfer, or redeem it.

(12) "**Instruction**" means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed.

(13) "**Registered form**," as applied to a certificated security, means a form in which:

- (i) the security certificate specifies a person entitled to the security; and

(ii) a transfer of the security may be registered upon books maintained for that purpose by or on behalf of the issuer, or the security certificate so states.

(14) "**Securities intermediary**" means:

(i) a clearing corporation; or

(ii) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.

(15) "**Security**," except as otherwise provided in Section [8-103](#), means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:

(i) which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;

(ii) which is one of a class or series or by its terms is divisible into a class or series of shares, participations, interests, or obligations; and

(iii) which:

(A) is, or is of a type, dealt in or traded on securities exchanges or securities markets;
or

(B) is a medium for investment and by its terms expressly provides that it is a security governed by this Article.

(16) "**Security certificate**" means a certificate representing a security.

(17) "**Security entitlement**" means the rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5.

(18) "**Uncertificated security**" means a security that is not represented by a certificate.

(b) Other definitions applying to this Article and the sections in which they appear are:

Appropriate person Section [8-107](#)

Control Section [8-106](#)

Delivery Section [8-301](#)

Investment company security Section [8-103](#)

Issuer Section [8-201](#)

Overissue Section [8-210](#)

Protected purchaser Section [8-303](#)

Securities account Section [8-501](#)

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

(d) The characterization of a person, business, or transaction for purposes of this Article does not determine the characterization of the person, business, or transaction for purposes of any other law, regulation, or rule.

U.C.C. - ARTICLE 9 - SECURED TRANSACTIONS

§ 9-102. DEFINITIONS AND INDEX OF DEFINITIONS.

(a) [Article 9 definitions.]

In this article:

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

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

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

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

(A) authenticated by a secured party;

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

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

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

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

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

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

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

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

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

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

(6) "As-extracted collateral" means:

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

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

(ii) attaches to the minerals as extracted; or

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

(7) "Authenticate" means:

(A) to sign; or

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

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

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

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

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

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

- (A) proceeds to which a security interest attaches;
- (B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
- (C) goods that are the subject of a consignment.

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

- (A) the claimant is an organization; or
- (B) the claimant is an individual and the claim:
 - (i) arose in the course of the claimant's business or profession; and
 - (ii) does not include damages arising out of personal injury to or the death of an individual.

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

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

- (A) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or
- (B) traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

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

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

- (A) is registered as a futures commission merchant under federal commodities law; or
- (B) in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

(18) "**Communicate**" means:

- (A) to send a written or other tangible record;
- (B) to transmit a record by any means agreed upon by the persons sending and receiving the record; or
- (C) in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

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

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

(A) the merchant:

- (i) deals in goods of that kind under a name other than the name of the person making delivery;
- (ii) is not an auctioneer; and
- (iii) is not generally known by its creditors to be substantially engaged in selling the goods of others;

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

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

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

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

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

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

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

- (A) an individual incurs an obligation primarily for personal, family, or household purposes; and
- (B) a security interest in consumer goods secures the obligation.

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

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

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

- (A) identifies, by its file number, the initial financing statement to which it relates; and
- (B) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(28) "**Debtor**" means:

- (A) a person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;
- (B) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) a consignee.

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

(30) "**Document**" means a document of title or a receipt of the type described in Section 7-201(2).

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

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

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

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

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

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

(ii) aquatic goods produced in aquacultural operations;

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

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

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

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

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

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

(38) "**Filing-office rule**" means a rule adopted pursuant to Section 9-526.

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

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

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

(42) "**General intangible**" means any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit

accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

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

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

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

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

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

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

- (A) are leased by a person as lessor;
- (B) are held by a person for sale or lease or to be furnished under a contract of service;
- (C) are furnished by a person under a contract of service; or
- (D) consist of raw materials, work in process, or materials used or consumed in a business.

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

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

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

(52) "**Lien creditor**" means:

- (A) a creditor that has acquired a lien on the property involved by attachment, levy, or the like;
- (B) an assignee for benefit of creditors from the time of assignment;
- (C) a trustee in bankruptcy from the date of the filing of the petition; or
- (D) a receiver in equity from the time of appointment.

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

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

- (A) that creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or
- (B) in which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

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

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

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

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

(59) "**Obligor**" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part

for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

(60) "**Original debtor**", except as used in Section [9-310\(c\)](#), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under Section [9-203\(d\)](#).

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

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

- (A) the spouse of the individual;
- (B) a brother, brother-in-law, sister, or sister-in-law of the individual;
- (C) an ancestor or lineal descendant of the individual or the individual's spouse; or
- (D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

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

- (A) a person directly or indirectly controlling, controlled by, or under common control with the organization;
- (B) an officer or director of, or a person performing similar functions with respect to, the organization;
- (C) an officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (A);
- (D) the spouse of an individual described in subparagraph (A), (B), or (C); or
- (E) an individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C), or (D) and shares the same home with the individual.

(64) "**Proceeds**", except as used in Section 9-609(b), means the following property:

- (A) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;
- (B) whatever is collected on, or distributed on account of, collateral;
- (C) rights arising out of collateral;
- (D) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or
- (E) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

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

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

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

- (A) debt securities are issued;
- (B) all or a portion of the securities issued have an initial stated maturity of at least 20 years; and
- (C) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security interest is a State or a governmental unit of a State.

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

- (A) a record consisting of the record initially filed with or issued by a State or the United States to form or organize an organization and any record filed with or issued by the State or the United States which amends or restates the initial record;
- (B) an organic record of a business trust consisting of the record initially filed with a State and any record filed with the State which amends or restates the initial record, if a statute of the State governing business trusts requires that the record be filed with the State; or
- (C) a record consisting of legislation enacted by the legislature of a State or the Congress of the United States which forms or organizes an organization, any record amending the legislation, and any record filed with or issued by the State or the United States which amends or restates the name of the organization.

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

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

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

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

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

(73) "**Secured party**" means:

- (A) a person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;
- (B) a person that holds an agricultural lien;
- (C) a consignor;
- (D) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;
- (E) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or
- (F) a person that holds a security interest arising under Section 2-401, 2-505, 2-711(3), 2A-508(5), 4-210, or 5-118.

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

(75) "**Send**", in connection with a record or notification, means:

- (A) to deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or
- (B) to cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (A).

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

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

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

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

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

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

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

- (A) operating a railroad, subway, street railway, or trolley bus;
- (B) transmitting communications electrically, electromagnetically, or by light;

- (C) transmitting goods by pipeline or sewer; or
- (D) transmitting or producing and transmitting electricity, steam, gas, or water.

(b) [Definitions in other articles.]

The following definitions in other articles apply to this article:

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

"Proceeds of a letter of credit" Section [5-114](#).

"Prove" Section [3-103](#).

"Sale" Section [2-106](#).

"Securities account" Section [8-501](#).

"Securities intermediary" Section [8-102](#).

"Security" Section [8-102](#).

"Security certificate" Section [8-102](#).

"Security entitlement" Section [8-102](#).

"Uncertificated security" Section [8-102](#).

(c) [Article 1 definitions and principles.]

Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.



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CREATE WHAT'S NEXT