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PART 1.

GENERAL

SECTION 7-101. SHORT TITLE. This article may be cited as Uniform Commercial Code-Documents of Title.

SECTION 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”, 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.

SECTION 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.

SECTION 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF TITLE.

(a) A document of title is negotiable if by its terms the goods are to be delivered to bearer or to the order of a named person.

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

(c) A document of title is nonnegotiable if, at the time it is issued, the document has a conspicuous legend, however expressed, that it is nonnegotiable.
7-105. REISSUANCE IN ALTERNATIVE MEDIUM.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE.

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

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

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

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

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

(B) if the authoritative copy indicates that the document has been
transferred, the person to which the document was most recently transferred;
(3) the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

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

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

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

SECTION 7-107. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. 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)).

PART 2.

WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

SECTION 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;

STORAGE UNDER BOND.

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

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

SECTION 7-202. FORM OF WAREHOUSE RECEIPT.

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

(b) Unless a warehouse receipt provides for each of the following, the warehouse is liable for damages caused to a person injured by the omission:

1. the location of the warehouse facility where the goods are stored;
2. the date of issue of the receipt;
3. the unique identification code of the receipt;
4. a statement whether the goods received will be delivered to the bearer, to a named person, or to a named person or its order;
5. the rate of storage and handling charges, but if goods are stored under a field warehousing arrangement, a statement of that fact is sufficient on a nonnegotiable receipt;
6. a description of the goods or the packages containing them;
7. the signature of the warehouse or its agent;
8. if the receipt is issued for goods that the warehouse owns, either solely, jointly, or in common with others, the fact of that ownership; and
9. a statement of the amount of advances made and of liabilities incurred for which the warehouse claims a lien or security interest but if the precise amount of advances made or liabilities incurred is, at the time of the issue of the receipt, unknown to the warehouse or to its agent that issued the receipt, a statement of the fact that advances have been made or liabilities
incurred and the purpose of the advances or liabilities is sufficient.

(c) A warehouse may insert in its receipt any terms that are not contrary to the provisions of [the Uniform Commercial Code] and do not impair its obligation of delivery under Section 7-403 or its duty of care under Section 7-204. Any contrary provisions are ineffective.

SECTION 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION. A party to or purchaser for value in good faith of a document of title, other than a bill of lading, that relies upon the description of the goods in the document may recover from the issuer damages caused by the nonreceipt or misdescription of the goods, except to the extent that:

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

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

SECTION 7-204. DUTY OF CARE; CONTRACTUAL LIMITATION OF WAREHOUSE’S LIABILITY.

(a) A warehouse is liable for damages for loss of or injury to the goods caused by its failure to exercise care with regard to the goods that a reasonably careful person would exercise under similar circumstances. However, unless otherwise agreed, the warehouse is not liable for damages that could not have been avoided by the exercise of that care.
(b) Damages may be limited by a term in the warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage beyond which the warehouse is not liable. No such limitation is effective with respect to the warehouse’s liability for conversion to its own use. The warehouse’s liability, on request of the bailor in a record at the time of signing such storage agreement or within a reasonable time after receipt of the warehouse receipt, may be increased on part or all of the goods covered by the storage agreement or the warehouse receipt. In this event, increased rates may be charged based on an increased valuation of the goods.

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

(d) This section does not impair or repeal [Insert reference to any statute that imposes a higher responsibility upon the warehouse or invalidates contractual limitations that would be permissible under this Article.]

SECTION 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN CERTAIN CASES. A buyer in ordinary course of business of fungible goods sold and delivered by a warehouse that is also in the business of buying and selling such goods takes the goods free of any claim under a warehouse receipt even if the receipt is negotiable and has been duly negotiated.

SECTION 7-206. TERMINATION OF STORAGE AT WAREHOUSE’S OPTION. (a) A warehouse, by giving notice to the person on whose account the goods are held and
any other person known to claim an interest in the goods, may require payment of any charges
and removal of the goods from the warehouse at the termination of the period of storage fixed by
the document of title or, if a period is not fixed, within a stated period not less than 30 days after
the warehouse gives notice. If the goods are not removed before the date specified in the notice,
the warehouse may sell them pursuant to Section 7-210.

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

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

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

(e) A warehouse may satisfy its lien from the proceeds of any sale or disposition under
this section but shall hold the balance for delivery on the demand of any person to which the
warehouse would have been bound to deliver the goods.
SECTION 7-207. GOODS MUST BE KEPT SEPARATE; FUNGIBLE GOODS.

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

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

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

SECTION 7-209. LIEN OF WAREHOUSE.

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

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

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

(1) deliver or entrust the goods or any document covering the goods to the bailor
or the bailor’s nominee with actual or apparent authority to ship, store, or sell; or with power to
obtain delivery under Section 7-403; or with power of disposition under Sections 2-403, 2A-
304(2), 2A-305(2) or 9-320 or other statute or rule of law; or

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

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

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

SECTION 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART 3

BILLS OF LADING: SPECIAL PROVISIONS

SECTION 7-301. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION;
"SAID TO CONTAIN"; "SHIPPER'S LOAD AND COUNT"; IMPROPER HANDLING.

(a) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a
holder to which a negotiable bill has been duly negotiated, relying upon the description of the
goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused
by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent
that the document of title indicates that the issuer does not know whether any part or all of the
goods in fact were received or conform to the description, such as in a case in which the
description is in terms of marks or labels or kind, quantity, or condition or the receipt or
description is qualified by "contents or condition of contents of packages unknown", "said to
contain", "shipper's weight, load and count" or words of similar import, if that indication is true.
(b) If goods are loaded by the issuer of the bill of lading, the issuer must count the
packages of goods if shipped in packages and ascertain the kind and quantity if shipped in bulk
and words such as "shipper's weight, load and count" or words of similar import indicating that
the description was made by the shipper are ineffective except as to goods concealed by
packages.
(c) If bulk goods are loaded by a shipper that makes available to the issuer of the bill of
lading adequate facilities for weighing those goods, the issuer must ascertain the kind and
quantity within a reasonable time after receiving the shipper’s request in a record to do so. In
that case, "shipper's weight" or words of similar import are ineffective.
(d) The issuer, by including in the bill of lading the words "shipper's weight, load and
count" or words of similar import, may indicate that the goods were loaded by the shipper, and, if
that statement is true, the issuer is not liable for damages caused by the improper loading.
However, omission of such words does not imply liability for damages caused by improper
loading.
(e) A shipper guarantees to the issuer the accuracy at the time of shipment of the
description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the
shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in
those particulars. This right of the issuer to that indemnity does not limit its responsibility or
liability under the contract of carriage to any person other than the shipper.

SECTION 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS
OF TITLE.

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

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

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

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

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

SECTION 7-303. DIVERSION; RECONSIGNMENT; CHANGE OF
INSTRUCTIONS.

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

(1) the holder of a negotiable bill;

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

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

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

(b) Unless instructions described in subsection (a) are included in a negotiable bill of
lading, a person to which the bill is duly negotiated may hold the bailee according to the original
terms.
SECTION 7-304. TANGIBLE BILLS OF LADING IN A SET.

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

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

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

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

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

SECTION 7-305. DESTINATION BILLS.

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

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

SECTION 7-306. ALTERED BILLS OF LADING. An unauthorized alteration or
filling in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.

SECTION 7-307. LIEN OF CARRIER.

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

(b) A lien for charges and expenses under subsection (a) on goods that the carrier was
required by law to receive for transportation is effective against the consignor or any person
entitled to the goods unless the carrier had notice that the consignor lacked authority to subject
the goods to those charges and expenses. Any other lien under subsection (a) is effective against
the consignor and any person that permitted the bailor to have control or possession of the goods
unless the carrier had notice that the bailor lacked authority.

(c) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses
to deliver.
SECTION 7-308. ENFORCEMENT OF CARRIER'S LIEN.

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

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

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

(d) A purchaser in good faith of goods sold to enforce a carrier's lien takes the goods free of any rights of persons against which the lien was valid, despite the carrier’s noncompliance
(e) A carrier may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the carrier would have been bound to deliver the goods.

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

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

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

SECTION 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF CARRIER'S LIABILITY.

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

(b) Damages may be limited by a term in the bill of lading that the carrier's liability may not exceed a value stated in the bill if the carrier's rates are dependent upon value and the consignor is afforded an opportunity to declare a higher value and the consignor is advised of the opportunity. However, no such limitation is effective with respect to the carrier's liability for
conversion to its own use.

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

PART 4

WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL OBLIGATIONS

SECTION 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR CONDUCT OF ISSUER. The obligations imposed by this article on an issuer apply to a document of title even if:

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

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

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

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

SECTION 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE. A duplicate or any other document of title purporting to cover goods already represented by an outstanding document of the same issuer does not confer any right in the goods, except as provided in the case of tangible bills of lading in a set of parts, overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed documents, or substitute documents
issued pursuant to Section 7-105. The issuer is liable for damages caused by its overissue or
failure to identify a duplicate document by a conspicuous notation.

SECTION 7-403. OBLIGATION OF WAREHOUSE OR CARRIER TO
DELIVER; EXCUSE.

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

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

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

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

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

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

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

   (7) any other lawful excuse.

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

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

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

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

SECTION 7-404. NO LIABILITY FOR GOOD FAITH DELIVERY PURSUANT
TO DOCUMENT OF TITLE. A bailee that in good faith has received goods and delivered or
otherwise disposed of the goods according to the terms of a document of title or pursuant to this
article is not liable for the goods even if:

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

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

PART 5
WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND
TRANSFER
SECTION 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE
NEGOTIATION.
(a) The following rules apply to a negotiable tangible document of title:

1. If the document’s original terms run to the order of a named person, the document is negotiated by the named person’s indorsement and delivery. After the named person’s indorsement in blank or to bearer, any person may negotiate the document by delivery alone.

2. If the document’s original terms run to bearer, it is negotiated by delivery alone.

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

4. Negotiation of the document after it has been indorsed to a named person requires indorsement by the named person as well as delivery.

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

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

1. If the document’s original terms run to the order of a named person or to bearer, the document is negotiated by delivery of the document to another person. Indorsement by the named person is not required to negotiate the document.

2. If the document’s original terms run to the order of a named person and the named person has control of the document, the effect is the same as if the document had been
negotiated.

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

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

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

**SECTION 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION.**

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

(1) title to the document;

(2) title to the goods;

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

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

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

   (1) the due negotiation or any prior due negotiation constituted a breach of duty;
   (2) any person has been deprived of possession of a negotiable tangible document
or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake,
duress, loss, theft, or conversion; or
   (3) a previous sale or other transfer of the goods or document has been made to a
third person.

SECTION 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN
CASES.

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

   (1) deliver or entrust the goods or any document covering the goods to the bailor
or the bailor’s nominee with actual or apparent authority to ship, store, or sell; with power to
obtain delivery under Section 7-403; or with power of disposition under Section 2-403, 2A-
304(2), 2A-305(2), or 9-320 or other statute or rule of law; or

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

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

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

SECTION 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION; EFFECT OF DIVERSION; STOPPAGE OF DELIVERY.

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

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

(1) by those creditors of the transferor that could treat the transfer as void under Section 2-402 or 2A-308;

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

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

(4) as against the bailee, by good faith dealings of the bailee with the transferor.
(c) A diversion or other change of shipping instructions by the consignor in a nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary course of business or a lessee in ordinary course of business and in any event defeats the consignee's rights against the bailee.

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

SECTION 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES. The indorsement of a tangible document of title issued by a bailee does not make the indorser liable for any default by the bailee or previous indorsers.

SECTION 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL INDORSEMENT. The transferee of a negotiable tangible document of title has a specifically enforceable right to have its transferor supply any necessary indorsement, but the transfer becomes a negotiation only as of the time the indorsement is supplied.

SECTION 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF DOCUMENT OF TITLE. If a person negotiates or delivers a document of title for value, otherwise than as a mere intermediary under Section 7-508, unless otherwise agreed, the
transferor warrants to its immediate purchaser only in addition to any warranty made in selling or
leasing the goods that:

(1) the document is genuine;

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

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

SECTION 7-508. WARRANTIES OF COLLECTING BANK AS TO
DOUMENTS OF TITLE. A collecting bank or other intermediary known to be entrusted
with documents of title on behalf of another or with collection of a draft or other claim against
delivery of documents warrants by the delivery of the documents only its own good faith and
authority even if the collecting bank or other intermediary has purchased or made advances
against the claim or draft to be collected.

SECTION 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL
CONTRACT. Whether a document of title is adequate to fulfill the obligations of a contract for
sale, a contract for lease, or the conditions of a letter of credit is determined by Article 2, 2A, or
5.

PART 6
WAREHOUSE RECEIPTS AND BILLS OF LADING: MISCELLANEOUS
PROVISIONS
SECTION 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE.

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

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

SECTION 7-602. ATTACHMENT OF GOODS COVERED BY NEGOTIABLE DOCUMENT OF TITLE. Unless the document of title was originally issued upon delivery of the goods by a person that did not have power to dispose of them, a lien does not attach by virtue of any judicial process to goods in the possession of a bailee for which a negotiable document of title is outstanding unless possession or control of the document is first surrendered to the bailee or the document’s negotiation is enjoined. The bailee may not be compelled to deliver the goods
pursuant to process until possession or control of the document is surrendered to the bailee or to the court. A purchaser of the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

SECTION 7-603. CONFLICTING CLAIMS; INTERPLEADER. If more than one person claims title to or possession of the goods, the bailee is excused from delivery until the bailee has a reasonable time to ascertain the validity of the adverse claims or to commence an action for interpleader. The bailee may assert an interpleader either in defending an action for nondelivery of the goods or by original action.

PART 7
TRANSITION PROVISIONS

SECTION 7-701. EFFECTIVE DATE. This Act takes effect on ______, 20___.

SECTION 7-702. REPEALS. [Existing Article 7] and [Section 10-104 of the Uniform Commercial Code] are repealed.

SECTION 7-703. APPLICABILITY. This Act applies to a document of title that is issued or a bailment that arises on or after the effective date of this Act. This Act does not apply to a document of title that is issued or a bailment that arises before the effective date of this Act even if the document of title or bailment would be subject to this Act if the document of title had been issued or bailment had arisen after the effective date of this Act. This Act does not apply to a right of action that has accrued before the effective date of this Act.
SECTION 7-704. SAVINGS CLAUSE. A document of title issued or a bailment that arises before the effective date of this Act and the rights, obligations, and interests flowing from that document or bailment are governed by any statute or other rule amended or repealed by this Act as if amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute or other rule.