



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

March 28, 2007

The Honorable Michael Mauro
Secretary of State
State Capitol Building
L O C A L

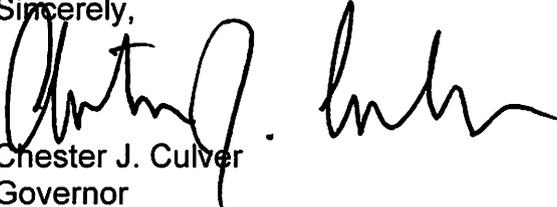
Dear Mr. Secretary:

I hereby transmit:

House File 716, an act relating to revising the uniform commercial code, by providing for warehouse receipts, bills of lading, and other documents of title.

The above House File is hereby approved this date.

Sincerely,


Chester J. Culver
Governor

CJC:bdj

cc: Secretary of the Senate
Chief Clerk of the House





HOUSE FILE 716

AN ACT

RELATING TO REVISING THE UNIFORM COMMERCIAL CODE, BY PROVIDING FOR WAREHOUSE RECEIPTS, BILLS OF LADING, AND OTHER DOCUMENTS OF TITLE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

REVISION TO UNIFORM COMMERCIAL CODE

ARTICLE 7

Section 1. Section 554.7101, Code 2007, is amended to read as follows:

554.7101 SHORT TITLE.

This Article ~~shall be known and~~ may be cited as Uniform Commercial Code -- Documents of Title.

Sec. 2. Section 554.7102, Code 2007, is amended to read as follows:

554.7102 DEFINITIONS AND INDEX OF DEFINITIONS.

1. In this Article, unless the context otherwise requires:

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

b. "Carrier" means a person that issues a bill of lading.

c. "Consignee" means ~~the~~ a person named in a bill of lading to whom which or to whose order the bill promises delivery.

~~e.~~ d. "Consignor" means ~~the~~ a person named in a bill of lading as the person from whom which the goods have been received for shipment.

d. e. "Delivery order" means a written record that contains an order to deliver goods directed to a warehouse operator, carrier, or other person who that in the ordinary course of business issues warehouse receipts or bills of lading.

~~e. -- "Document" means document of title as defined in the general definitions in Article 1 (section 554.1201).~~

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

g. "Goods" means all things which that are treated as movable for the purposes of a contract of for storage or transportation.

~~g. h.~~ h. "Issuer" means a bailee who that issues a document except that in relation to of title or, in the case of an unaccepted delivery order, it means the person who that orders the possessor of goods to deliver. Issuer The term includes any a person for whom 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, notwithstanding that even if the issuer received no did not receive any goods, or that the goods were misdescribed, or that in any other respect the agent or employee violated that agent's or employee's the issuer's instructions.

i. "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.

j. "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.

k. "Sign" means, with present intent to authenticate or adopt a record:

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

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

l. "Shipper" means a person that enters into a contract of transportation with a carrier.

~~h. m.~~ m. "Warehouse operator" is "Warehouse" means a person engaged in the business of storing goods for hire.

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

~~"Duly negotiate"-----Section 554.7501~~

~~"Person entitled under the document"-----Section 554.7403(4)~~

3. Definitions in other Articles applying to this Article and the sections in which they appear are:

a. "Contract for sale" Section 554.2106

~~"Overseas"-----Section 554.2323~~

b. "Lessee in ordinary course of business" Section 554.13103

c. "Receipt" of goods Section 554.2103

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

Sec. 3. Section 554.7103, Code 2007, is amended to read as follows:

554.7103 RELATION OF ARTICLE TO TREATY, OR STATUTE, ~~TARIFF, CLASSIFICATION OR REGULATION.~~

1. ~~To the extent that~~ This Article is subject to any treaty or statute of the United States, or regulatory statute of this state or tariff, classification or regulation filed or issued pursuant thereto to the extent that the treaty, statute, or regulatory statute is applicable, the provisions of this Article are subject thereto.

2. This Article does not modify or repeal any law prescribing the form or content of a document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a bailee's business in respects not specifically treated in this Article. However, violation of such a law does not affect the status of a document of title that otherwise is within the definition of a document of title.

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

4. To the extent there is a conflict between chapter 554D, the "Uniform Electronic Transactions Act", and this Article, this Article governs.

Sec. 4. Section 554.7104, Code 2007, is amended to read as follows:

554.7104 NEGOTIABLE AND NONNEGOTIABLE WAREHOUSE-RECEIPT,
BILL-OF-LADING-OR-OTHER DOCUMENT OF TITLE.

1. A-warehouse-receipt,-bill-of-lading-or-other Except as otherwise provided in subsection 3, a document of title is negotiable

a. if by its terms the goods are to be delivered to bearer or to the order of a named person,-or.

b.--where-recognized-in-overseas-trade,-if-it-runs-to-a named-person-or-assigns-

2. Any-other A document of title other than the one described in subsection 1 is nonnegotiable. A bill of lading in-which-it-is-stated 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 a-written an order in a record signed by the same or another named person.

3. 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.

Sec. 5. Section 554.7105, Code 2007, is amended to read as follows:

554.7105 CONSTRUCTION-AGAINST-NEGATIVE-IMPLICATION
REISSUANCE IN ALTERNATIVE MEDIUM.

1. The-omission-from-either-Part-2-or-Part-3-of-this Article-of-a-provision-corresponding-to-a-provision-made-in the-other-Part-does-not-imply-that-a-corresponding-rule-of-law is-not-applicable. 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:

a. the person entitled under the electronic document surrenders control of the document to the issuer; and

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

2. Upon issuance of a tangible document of title in substitution for an electronic document of title in accordance with subsection 1:

a. the electronic document ceases to have any effect or validity; and

b. 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.

3. 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:

a. the person entitled under the tangible document surrenders possession of the document to the issuer; and

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

4. Upon issuance of an electronic document of title in substitution for a tangible document of title in accordance with subsection 3:

a. the tangible document ceases to have any effect or validity; and

b. 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.

Sec. 6. NEW SECTION. 554.7106 CONTROL OF ELECTRONIC DOCUMENT OF TITLE.

1. 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.

2. A system satisfies subsection 1, 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:

a. a single authoritative copy of the document exists which is unique, identifiable, and, except as otherwise provided in paragraphs "d", "e", and "f", unalterable;

b. the authoritative copy identifies the person asserting control as:

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

c. the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

d. 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;

e. 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

f. any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

Sec. 7. Section 554.7201, Code 2007, is amended to read as follows:

554.7201 ~~WHO PERSON THAT~~ MAY ISSUE A WAREHOUSE RECEIPT -- STORAGE UNDER GOVERNMENT BOND.

1. A warehouse receipt may be issued by any warehouse operator.

2. ~~Where~~ 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 ~~has-like-effect-as~~ is deemed to be a warehouse receipt even ~~though~~ if issued by a person ~~who~~ that is the owner of the goods and is not a warehouse operator.

Sec. 8. Section 554.7202, Code 2007, is amended to read as follows:

554.7202 FORM OF WAREHOUSE RECEIPT -- ~~ESSENTIAL-TERMS---~~ OPTIONAL-TERMS EFFECT OF OMISSION.

1. A warehouse receipt need not be in any particular form.

2. Unless a warehouse receipt ~~embodies-within-its-written~~ or-printed-terms provides for each of the following, the warehouse operator is liable for damages caused to a person injured by the its omission ~~to-a-person-injured-thereby:~~

- a. a statement of the location of the warehouse facility where the goods are stored;
- b. the date of issue of the receipt;
- c. the ~~consecutive-number~~ unique identification code of the receipt;
- d. a statement whether the goods received will be delivered to the bearer, to a specified named person, or to a specified named person or ~~that-person's~~ its order;
- e. the rate of storage and handling charges, ~~except-that~~ where unless goods are stored under a field warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable receipt;
- f. a description of the goods or ~~of~~ the packages containing them;
- g. the signature of the warehouse operator, ~~which may be made-by-the-warehouse-operator's-authorized~~ or its agent;
- h. if the receipt is issued for goods ~~of-which~~ that the warehouse operator ~~is-owner~~ owns, either solely, or jointly, or in common with others, a statement of the fact of such that ownership; and
- i. a statement of the amount of advances made and of liabilities incurred for which the warehouse operator claims a lien or security interest, ~~(section-554.7209)~~ unless the precise amount of ~~such~~ advances made or ~~of-such~~ liabilities incurred ~~is~~, at the time of the issue of the receipt, is unknown to the warehouse operator or to ~~the-warehouse operator's~~ its agent ~~who-issues-it~~ that issued the receipt, in which case a statement of the fact that advances have been made or liabilities incurred and the purpose ~~thereof~~ of the advances or liabilities is sufficient.

3. A warehouse operator may insert in the its receipt any ~~other~~ terms ~~which~~ that are not contrary to ~~the-provisions-of~~ this chapter and do not impair ~~the-warehouse-operator's~~ its obligation of delivery ~~(section-554.7403)~~ under section 554.7403 or its duty of care ~~(section-554.7204)~~ under section 554.7204. Any contrary ~~provisions-shall-be~~ provision is ineffective.

Sec. 9. Section 554.7203, Code 2007, is amended to read as follows:

554.7203 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 ~~relying in either case,~~ that relies upon the description therein 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 any all or part or all of the goods in fact were received or conform to the description, ~~as where such as the 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 ~~the like,~~ words of similar import, if ~~such the~~ indication be is true; or

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

Sec. 10. Section 554.7204, Code 2007, is amended to read as follows:

554.7204 DUTY OF CARE -- CONTRACTUAL LIMITATION OF WAREHOUSE-OPERATOR'S WAREHOUSE'S LIABILITY.

1. A warehouse operator is liable for damages for loss of or injury to the goods caused by ~~the-warehouse-operator's~~ its failure to exercise such care in with regard to ~~them-as~~ the goods that a reasonably careful person would exercise under ~~like similar~~ similar circumstances ~~but-unless.~~ Unless otherwise agreed, the warehouse operator is not liable for damages ~~which that~~ could not have been avoided by the exercise of ~~such that~~ care.

2. 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, ~~and-setting-forth-a-specific liability-per-article-or-item, or-value-per-unit-of-weight,~~ beyond which the warehouse operator ~~shall~~ is not be liable, ~~provided, however, that such liability may on written.~~ Such a limitation is not effective with respect to the warehouse's liability for conversion to its own use. On request of the bailor in a record at the time of signing ~~such the~~ storage agreement or within a reasonable time after receipt of the warehouse receipt, the warehouse's liability may be increased

on part or all of the goods thereunder, ~~in which~~ covered by the storage agreement or the warehouse receipt. In this event, increased rates may be charged based on such an increased valuation, ~~but that no such increase shall be permitted contrary to a lawful limitation of liability contained in the warehouse operator's tariff, if any~~ of the goods. ~~No such limitation is effective with respect to the warehouse operator's liability for conversion to the warehouse operator's own use.~~

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

4. This section does not modify or repeal any provision under chapter 203, 203C, or 203D.

Sec. 11. Section 554.7205, Code 2007, is amended to read as follows:

554.7205 TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN CERTAIN CASES.

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

Sec. 12. Section 554.7206, Code 2007, is amended to read as follows:

554.7206 TERMINATION OF STORAGE AT WAREHOUSE-OPERATOR'S WAREHOUSE'S OPTION.

1. A warehouse ~~operator may on notifying,~~ 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 ~~no~~ a period is not fixed, within a stated period not less than thirty days after the notification warehouse gives notice. If the goods are not removed before the date specified in the notification notice, the warehouse operator may sell them ~~in accordance with the provisions of the~~ pursuant to section ~~on enforcement of a warehouse operator's lien (section 554.7210)~~ 554.7210.

2. If a warehouse operator in good faith believes that the goods are about to deteriorate or decline in value to less than the amount of ~~the-warehouse-operator's~~ its lien within the time ~~prescribed~~ provided in subsection 1 ~~for-notification, advertisement-and-sale~~ and section 554.7210, the warehouse operator may specify in the notification notice given under subsection 1 any reasonable shorter time for removal of the goods and ~~in-case,~~ if the goods are not removed, may sell them at public sale held not less than one week after a single advertisement or posting.

3. If, ~~as a result of a quality or condition of the goods of which the warehouse operator-had-no~~ did not have notice at the time of deposit, ~~the goods are a hazard to other property,~~ or-to the warehouse facilities, or ~~to~~ other persons, the warehouse operator 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, ~~operator~~ operator after a reasonable effort, ~~is unable to sell the goods the-warehouse-operator,~~ it may dispose of them in any lawful manner and ~~shall~~ does not incur ~~no~~ liability by reason of ~~such~~ that disposition.

4. ~~The~~ A warehouse operator ~~must~~ shall deliver the goods to any person entitled to them under this Article upon due demand made at any time ~~prior-to~~ before sale or other disposition under this section.

5. ~~The~~ A warehouse operator may satisfy ~~the-warehouse operator's~~ its lien from the proceeds of any sale or disposition under this section but ~~must~~ shall hold the balance for delivery on the demand of any person to ~~whom~~ which the warehouse operator would have been bound to deliver the goods.

Sec. 13. Section 554.7207, Code 2007, is amended to read as follows:

554.7207 GOODS MUST BE KEPT SEPARATE -- FUNGIBLE GOODS.

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

2. ~~Fungible~~ If different lots of fungible goods so are commingled, the goods are owned in common by the persons

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

Sec. 14. Section 554.7208, Code 2007, is amended to read as follows:

554.7208 ALTERED WAREHOUSE RECEIPTS.

Where 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 want 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.

Sec. 15. Section 554.7209, Code 2007, is amended to read as follows:

554.7209 LIEN OF WAREHOUSE OPERATOR.

1. A warehouse operator has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in the-warehouse-operator's its possession for charges for storage or transportation ~~(including, including~~ demurrage and terminal charges) 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 like 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 operator also has a lien against that-person the goods covered in the warehouse receipt or storage agreement or on the proceeds thereof in its possession for such those charges and expenses, whether or not the other goods have been delivered by the warehouse operator. But However, as against a person to whom which a negotiable warehouse receipt is duly negotiated, a warehouse-operator's warehouse's lien is limited to charges in an amount or at a rate specified on in the

warehouse receipt or, if no charges are so specified, then to a reasonable charge for storage of the specific goods covered by the receipt subsequent to the date of the receipt.

2. ~~The~~ A warehouse operator may also reserve a security interest against the bailor for ~~a~~ the maximum amount specified on the receipt for charges other than those specified in subsection 1, such as for money advanced and interest. ~~Such-a~~ The security interest is governed by ~~the Article on Secured Transactions-(Article-9)~~ 9.

3. ~~a-~~ A warehouse-operator's warehouse's lien for charges and expenses under subsection 1 or a security interest under subsection 2 is also effective against any person ~~who~~ that so entrusted the bailor with possession of the goods that a pledge of them by the bailor to a ~~good-faith~~ good-faith purchaser for value would have been valid ~~but~~. However, the lien or security interest is not effective against a person as to-whom-the that before issuance of a document confers no right of title had a legal interest or perfected security interest in the goods covered-by-it-under-section-554.7503, and that did not:

a. deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:
(1) actual or apparent authority to ship, store, or sell;
(2) power to obtain delivery under section 554.7403; or
(3) power of disposition under sections 554.2403, 554.13304, subsection 2, 554.13305, subsection 2, 554.9320, or 554.9321, subsection 3, or other statute or rule of law; or

b. acquiesce in the procurement by the bailor or its nominee of any document.

~~b-~~ 4. A warehouse-operator's warehouse's lien on household goods for charges and expenses in relation to the goods under subsection 1 is also effective against all persons if the depositor was the legal possessor of the goods at the time of deposit. ~~Household~~ In this subsection, "household goods" means furniture, furnishings and, or personal effects used by the depositor in a dwelling.

~~4-~~ 5. A warehouse operator loses ~~the-warehouse-operator's~~ its lien on any goods ~~which-the-warehouse-operator~~ that it voluntarily delivers or unjustifiably refuses to deliver.

Sec. 16. Section 554.7210, Code 2007, is amended to read as follows:

554.7210 ENFORCEMENT OF WAREHOUSE-OPERATOR'S WAREHOUSE'S LIEN.

1. Except as otherwise provided in subsection 2, a ~~warehouse-operator's~~ warehouse's lien may be enforced by public or private sale of the goods, ~~in block~~ bulk or in ~~parcels~~ packages, at any time or place and on any terms which ~~that~~ are commercially reasonable, after notifying all persons known to claim an interest in the goods. ~~Such~~ 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 ~~different~~ from that selected by the warehouse operator is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. ~~If-the~~ The warehouse operator ~~either~~ sells in a commercially reasonable manner if the warehouse sells the goods in the usual manner in any recognized market therefor, ~~or-if-the-warehouse-operator~~ sells at the price current in such ~~that~~ market at the time of the warehouse-operator's sale, ~~or-if-the-warehouse-operator~~ has otherwise ~~sold~~ sells in conformity with commercially reasonable practices among dealers in the type of goods sold, ~~the-warehouse-operator-has-sold-in-a-commercially-reasonable~~ manner. A sale of more goods than apparently necessary to be offered to ~~insure~~ ensure satisfaction of the obligation is not commercially reasonable, ~~except~~ in cases covered by the preceding sentence.

2. A warehouse operator's may enforce its lien on goods, other than goods stored by a merchant in the course of the merchant's its business ~~may-be-enforced-only-as-follows, only~~ if the following requirements are satisfied:

a. All persons known to claim an interest in the goods must be notified.

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

~~e.~~ b. 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 ten 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.

~~d.~~ c. The sale must conform to the terms of the notification.

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

~~f.~~ e. 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 ~~they~~ the goods are being held, and the time and place of the sale. The sale must take place at least fifteen 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 ten days before the sale in not ~~less~~ fewer than six conspicuous places in the neighborhood of the proposed sale.

3. 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 ~~under~~ in complying with this section. In that event, the goods must ~~may~~ not be sold, but must be retained by the warehouse operator subject to the terms of the receipt and this Article.

4. ~~The~~ A warehouse operator may buy at any public sale held pursuant to this section.

5. A purchaser in good faith of goods sold to enforce a ~~warehouse-operator's~~ warehouse's lien takes the goods free of any rights of persons against ~~whom~~ which the lien was valid, despite ~~the warehouse's noncompliance by-the-warehouse operator-with-the-requirements-of~~ with this section.

6. ~~The~~ A warehouse operator may satisfy ~~the-warehouse operator's~~ its lien from the proceeds of any sale pursuant to this section but ~~must~~ shall hold the balance, if any, for delivery on demand to any person to ~~whom~~ which the warehouse operator would have been bound to deliver the goods.

7. The rights provided by this section ~~shall be~~ are in addition to all other rights allowed by law to a creditor against ~~the creditor's~~ a debtor.

8. ~~Where~~ If a lien is on goods stored by a merchant in the course of ~~the merchant's~~ its business, the lien may be enforced in accordance with ~~either~~ subsection 1 or 2.

9. ~~The~~ A warehouse ~~operator~~ 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.

Sec. 17. Section 554.7301, Code 2007, is amended to read as follows:

554.7301 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION -- "SAID TO CONTAIN" -- "SHIPPER'S WEIGHT, LOAD, AND COUNT" -- IMPROPER HANDLING.

1. A consignee of a nonnegotiable bill ~~who~~ of lading which has given value in good faith, or a holder to ~~whom~~ which a negotiable bill has been duly negotiated, relying ~~in either case~~ upon the description ~~therein~~ of the goods, in the bill or upon the date ~~therein~~ 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~~ bill indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, ~~as where~~ 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 ~~the like~~ words of similar import, if ~~such that~~ indication ~~be~~ is true.

2. ~~When~~ If goods are loaded by ~~an~~ the issuer ~~who is a common carrier, the~~ of a bill of lading;

a. ~~the issuer must~~ shall count the packages of goods if ~~package-freight~~ shipped in packages and ascertain the kind and quantity if shipped in bulk freight; ~~in such cases;~~ and

b. ~~words such as~~ words of similar import indicating that the description was made by the shipper are ineffective except as to freight goods concealed by in packages.

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

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

5. ~~The~~ A shipper ~~shall-be-deemed-to-have-guaranteed~~ guarantees to ~~the~~ an 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 such those particulars. The~~ This right of ~~the-issuer-to-such~~ indemnity ~~shall-in-no-way~~ does not limit the issuer's responsibility ~~and~~ or liability under the contract of carriage to any person other than the shipper.

Sec. 18. Section 554.7302, Code 2007, is amended to read as follows:

554.7302 THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS OF TITLE.

1. The issuer of a through bill of lading, ~~or other document~~ of title embodying an undertaking to be performed in part by ~~persons~~ a person acting as its ~~agents~~ agent or by ~~connecting-carriers~~ a performing carrier, is liable to ~~anyone~~ any person entitled to recover on the ~~bill or other document~~ for any breach by ~~such the other persons~~ person or ~~by-a~~ connecting the performing carrier of its obligation under the ~~bill or other document~~ but. However, to the extent that the ~~bill or other document~~ 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.

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

3. The issuer of such a through bill of lading or other document ~~shall be~~ of title described in subsection 1 is entitled to recover from the connecting performing carrier, or such other person in possession of the goods when the breach of the obligation under the bill or other document occurred, the:

a. the amount it may be required to pay to anyone any person entitled to recover on the bill or other document therefor for the breach, as may be evidenced by any receipt, judgment, or transcript thereof, of judgment; and

b. the amount of any expense reasonably incurred by it the issuer in defending any action brought commenced by anyone any person entitled to recover on the bill or other document therefor for the breach.

Sec. 19. Section 554.7303, Code 2007, is amended to read as follows:

554.7303 DIVERSION -- RECONSIGNMENT -- CHANGE OF INSTRUCTIONS.

1. Unless the bill of lading otherwise provides, the 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:

a. the holder of a negotiable bill; or

b. the consignor on a nonnegotiable bill notwithstanding, even if the consignee has given contrary instructions from-the consignee; or

c. 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

d. the consignee on a nonnegotiable bill if the consignee is entitled as against the consignor to dispose of ~~them~~ the goods.

2. Unless ~~such~~ instructions described in subsection 1 are ~~noted-on~~ included in a negotiable bill of lading, a person to ~~whom~~ which the bill is duly negotiated ~~can~~ may hold the bailee according to the original terms.

Sec. 20. Section 554.7304, Code 2007, is amended to read as follows:

554.7304 TANGIBLE BILLS OF LADING IN A SET.

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

2. ~~Where~~ If a tangible bill of lading is lawfully ~~drawn~~ issued in a set of parts, each of which ~~is-numbered~~ 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 ~~constitute~~ constitutes one bill.

3. ~~Where~~ 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 ~~whom~~ which the first due negotiation is made prevails as to both the document of title and the goods even ~~though~~ if any later holder may have received the goods from the carrier in good faith and discharged the carrier's obligation by ~~surrender-of-the-later-holder's~~ surrendering its part.

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

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

Sec. 21. Section 554.7305, Code 2007, is amended to read as follows:

554.7305 DESTINATION BILLS.

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

2. Upon request of ~~anyone~~ any person entitled as against ~~the~~ 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 ~~such~~ the goods, the issuer, subject to section 554.7105, may procure a substitute bill to be issued at any place designated in the request.

Sec. 22. Section 554.7307, Code 2007, is amended to read as follows:

554.7307 LIEN OF CARRIER.

1. A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in its possession for charges ~~subsequent-to~~ after the date of ~~its~~ the carrier's receipt of the goods for storage or transportation ~~(including,~~ including demurrage and terminal charges) charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law. ~~But~~ 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, ~~then-to~~ a reasonable charge.

2. A lien for charges and expenses under subsection 1 on goods ~~which~~ 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 ~~such~~ those charges and expenses. Any other lien under subsection 1 is effective against the consignor and any person ~~who~~ that permitted the bailor to have control or possession of the goods unless the carrier had notice that the bailor lacked ~~such~~ authority.

3. A carrier loses ~~the-carrier's~~ its lien on any goods ~~which-the-carrier~~ that it voluntarily delivers or ~~which-the-carrier~~ unjustifiably refuses to deliver.

Sec. 23. Section 554.7308, Code 2007, is amended to read as follows:

554.7308 ENFORCEMENT OF CARRIER'S LIEN.

1. A carrier's lien on goods may be enforced by public or private sale of the goods, in ~~bulk~~ bulk or in ~~parcels~~ packages, at any time or place and on any terms ~~which~~ that are commercially reasonable, after notifying all persons known to claim an interest in the goods. ~~Such~~ 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~~ different method different from that selected by the carrier is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. ~~If~~ The carrier sells goods in a commercially reasonable manner if the carrier ~~either~~ sells the goods in the usual manner in any recognized market therefor, ~~or-if-the-carrier~~ sells at the price current in ~~such~~ that market at the time of the ~~carrier's~~ sale, or ~~if-the-carrier~~ has otherwise ~~sold~~ sells in conformity with commercially reasonable practices among dealers in the type of goods sold ~~the-carrier-has-sold-in-a-commercially-reasonable-manner~~. 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.

2. 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 under in complying with this section. In that event, the goods ~~must~~ may not be sold, but must be retained by the carrier, subject to the terms of the bill of lading and this Article.

3. ~~The~~ A carrier may buy at any public sale pursuant to this section.

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

5. ~~The~~ A carrier may satisfy ~~the-carrier's~~ its lien from the proceeds of any sale pursuant to this section but ~~must~~

shall hold the balance, if any, for delivery on demand to any person to ~~whom~~ which the carrier would have been bound to deliver the goods.

6. The rights provided by this section ~~shall-be~~ are in addition to all other rights allowed by law to a creditor against ~~the-creditor's~~ a debtor.

7. A carrier's lien may be enforced ~~in-accordance-with~~ pursuant to either subsection 1 or the procedure set forth in ~~subsection-2-of~~ section 554.7210, subsection 2.

8. ~~The~~ 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.

Sec. 24. Section 554.7309, Code 2007, is amended to read as follows:

554.7309 DUTY OF CARE -- CONTRACTUAL LIMITATION OF CARRIER'S LIABILITY.

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

2. Damages may be limited by a provision term in the bill of lading or in a transportation agreement that the carrier's liability ~~shall~~ may not exceed a value stated in the ~~document bill or transportation agreement~~ if the carrier's rates are dependent upon value and the consignor ~~by-the-carrier's-tariff~~ is afforded an opportunity to declare a higher value ~~or-a~~ value-as-lawfully-provided-in-the-tariff,-or-where-no-tariff-is-filed and the consignor is ~~otherwise~~ advised of ~~such~~ the opportunity; ~~but-no.~~ However, such a limitation is not effective with respect to the carrier's liability for conversion to its own use.

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

Sec. 25. Section 554.7401, Code 2007, is amended to read as follows:

554.7401 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 ~~regardless-of-the-fact-that~~ even if:

1. the document ~~may~~ does not comply with the requirements of this Article or of any other ~~law~~ statute, rule, or regulation regarding its ~~issue~~ issuance, form, or content; ~~or~~

2. the issuer ~~may-have~~ violated laws regulating the conduct of ~~the-issuer's~~ its business; ~~or~~

3. the goods covered by the document were owned by the bailee ~~at-the-time~~ when the document was issued; or

4. the person issuing the document ~~does-not-come-within~~ is not a warehouse operator-if-it but the document purports to be a warehouse receipt.

Sec. 26. Section 554.7402, Code 2007, is amended to read as follows:

554.7402 DUPLICATE RECEIPT-OR-BILL DOCUMENT OF TITLE -- OVERISSUE.

~~Neither-a~~ A duplicate ~~nor~~ or any other document of title purporting to cover goods already represented by an outstanding document of the same issuer ~~confers~~ 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, and substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to section 554.7105. ~~But-the~~ The issuer is liable for damages caused by ~~the-issuer's~~ its overissue or failure to identify a duplicate document ~~as-such~~ by a conspicuous notation ~~on-its-face~~.

Sec. 27. Section 554.7403, Code 2007, is amended to read as follows:

554.7403 OBLIGATION OF WAREHOUSE-OPERATOR-OR-CARRIER BAILEE TO DELIVER -- EXCUSE.

1. ~~The~~ A bailee ~~must~~ shall deliver the goods to a person entitled under ~~the~~ a document ~~who~~ of title if the person complies with subsections 2 and 3, unless and to the extent that the bailee establishes any of the following:

a. delivery of the goods to a person whose receipt was rightful as against the claimant;

b. damage to or delay, loss, or destruction of the goods for which the bailee is not liable, ~~but the burden of establishing negligence in such cases is on the person entitled under the document;~~

c. previous sale or other disposition of the goods in lawful enforcement of a lien or on ~~the warehouse operator's~~ a warehouse's lawful termination of storage;

d. the exercise by a seller of ~~the seller's~~ its right to stop delivery pursuant to ~~the provisions of the Article on Sales (section 554.2705)~~ section 554.2705 or by a lessor of its right to stop delivery pursuant to section 554.13526;

e. a diversion, reconsignment, or other disposition pursuant to ~~the provisions of this Article (section 554.7303) or tariff regulating such right~~ section 554.7303;

f. release, satisfaction or any other ~~fact affording a~~ personal defense against the claimant; or

g. any other lawful excuse.

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

3. Unless ~~the~~ a person claiming the goods is ~~one~~ a person against ~~whom~~ which the document ~~confers no~~ of title does not confer a right under section 554.7503, subsection 1, ~~that:~~

a. the person must claiming under a document shall surrender possession or control of any outstanding negotiable document covering the goods for cancellation or notation indication of partial deliveries any outstanding negotiable document covering the goods, and the bailee must cancel the document or conspicuously note the partial delivery thereon or be liable to any person to whom the document is duly negotiated; and

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

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

Sec. 28. Section 554.7404, Code 2007, is amended to read as follows:

554.7404 NO LIABILITY FOR ~~GOOD-FAITH~~ GOOD-FAITH DELIVERY PURSUANT TO ~~RECEIPT-OR-BILL~~ DOCUMENT OF TITLE.

A bailee ~~who~~ that in good faith ~~including-observance-of reasonable-commercial-standards~~ has received goods and delivered or otherwise disposed of ~~them~~ the goods according to the terms of ~~the~~ a document of title or pursuant to this Article is not liable ~~therefor~~.~~---This-rule-applies-even-though~~ for the goods even if:

1. the person from ~~whom~~ which the bailee received the goods ~~had-no~~ did not have authority to procure the document or to dispose of the goods ~~and-even-though~~; or

2. the person to ~~whom~~ which the bailee delivered the goods ~~had-no~~ did not have authority to receive ~~them~~ the goods.

Sec. 29. Section 554.7501, Code 2007, is amended to read as follows:

554.7501 FORM OF NEGOTIATION AND REQUIREMENTS OF ~~"DUE NEGOTIATION"~~ DUE NEGOTIATION.

1. ~~A~~ The following rules apply to a negotiable tangible document of title ~~running~~:

~~a.~~ If the document's original terms run to the order of a named person, the document is negotiated by that the named person's endorsement indorsement and delivery. After that the named person's endorsement indorsement in blank or to bearer, any person ~~can~~ may negotiate ~~it~~ the document by delivery alone.

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

~~b.~~ c. When a document running 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.

~~3.~~ d. Negotiation of a negotiable the document of title after it has been endorsed indorsed to a specified named person requires endorsement indorsement by the special endorsee as well as named person and delivery.

4. e. A negotiable document of title is "duly-negotiated" when "duly negotiated" if it is negotiated in the manner stated in this section subsection to a holder who 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 money monetary obligation.

2. The following rules apply to a negotiable electronic document of title:

a. 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.

b. 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.

c. 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.

5. 3. Endorsement Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds to the transferee's rights.

6. 4. 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 ~~nor~~ or constitute notice to a purchaser ~~thereof~~ of the bill of any interest of ~~such~~ that person in the goods.

Sec. 30. Section 554.7502, subsection 1, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Subject to ~~the following section and to the provisions of section~~ sections 554.7205 ~~on fungible goods~~ and 554.7503, a holder to ~~whom~~ which a negotiable document of title has been duly negotiated acquires thereby:

Sec. 31. Section 554.7502, subsection 1, paragraph d, Code 2007, is amended to read as follows:

d. 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~~, but 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 ~~endorser~~ indorser will procure the acceptance of the bailee.

Sec. 32. Section 554.7502, subsection 2, Code 2007, is amended to read as follows:

2. Subject to ~~the following~~ section 554.7503, title and rights ~~so~~ acquired by due negotiation are not defeated by any stoppage of the goods represented by the document of title or by surrender of ~~such~~ the goods by the bailee, and are not impaired even ~~though~~ if:

a. the due negotiation or any prior due negotiation constituted a breach of duty ~~or even though~~;

b. any person has been deprived of possession of the a negotiable tangible document or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake, duress, loss, theft, or conversion; ~~or even though~~

c. a previous sale or other transfer of the goods or document has been made to a third person.

Sec. 33. Section 554.7503, Code 2007, is amended to read as follows:

554.7503 DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN CASES.

1. A document of title confers no right in goods against a person ~~who~~ that before issuance of the document had a legal interest or a perfected security interest ~~in them and who~~ neither in the goods and that did not:

a. ~~delivered~~ deliver or ~~entrusted them~~ entrust the goods or any document of title covering ~~them~~ the goods to the bailor or the bailor's nominee with:

(1) actual or apparent authority to ship, store, or sell ~~or with~~;

(2) power to obtain delivery under ~~this Article (section 554.7403)~~ section 554.7403; or with

(3) power of disposition under ~~this chapter (sections~~ sections 554.2403 and 554.9320), 554.9320, 554.9321, subsection 3, 554.13304, subsection 2, or 554.13305, subsection 2, or other statute or rule of law; ~~nor or~~

b. ~~acquiesced~~ acquiesce in the procurement by the bailor or ~~the bailor's~~ its nominee of any document ~~of title.~~

2. Title to goods based upon an unaccepted delivery order is subject to the rights of anyone any person to whom which a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. ~~Such a~~ That title may be defeated under ~~the next~~ section 554.7504 to the same extent as the rights of the issuer or a transferee from the issuer.

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

Sec. 34. Section 554.7504, Code 2007, is amended to read as follows:

554.7504 RIGHTS ACQUIRED IN THE ABSENCE OF DUE NEGOTIATION -- EFFECT OF DIVERSION -- ~~SELLER'S~~ SELLER'S STOPPAGE OF DELIVERY.

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

2. In the case of a transfer of a nonnegotiable document of title, until but not after the bailee receives notification notice of the transfer, the rights of the transferee may be defeated:

a. by those creditors of the transferor who could treat the sale transfer as void under section 554.2402 or 554.13308; ~~or~~

b. 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; ~~or~~

c. 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

d. as against the bailee, by ~~good-faith~~ good-faith dealings of the bailee with the transferor.

3. 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 ~~they~~ 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.

4. Delivery of the goods pursuant to a nonnegotiable document of title may be stopped by a seller under section 554.2705, and or a lessor under section 554.13526, subject to the ~~requirement~~ requirements of due notification ~~there~~ provided in those sections. A bailee ~~honoring~~ that honors the seller's or lessor's instructions is entitled to be indemnified by the seller or lessor against any resulting loss or expense.

Sec. 35. Section 554.7505, Code 2007, is amended to read as follows:

554.7505 ~~ENDORSER~~ INDORSER NOT A GUARANTOR FOR OTHER PARTIES.

The ~~endorsement~~ indorsement of a tangible document of title issued by a bailee does not make the ~~endorser~~ indorser liable for any default by the bailee or ~~by previous endorsers~~ indorsers.

Sec. 36. Section 554.7506, Code 2007, is amended to read as follows:

554.7506 DELIVERY WITHOUT ~~ENDORSEMENT~~ INDORSEMENT -- RIGHT TO COMPEL ~~ENDORSEMENT~~ INDORSEMENT.

The transferee of a negotiable tangible document of title has a specifically enforceable right to have ~~the transferee's~~ its transferor supply any necessary ~~endorsement~~ indorsement, but the transfer becomes a negotiation only as of the time the ~~endorsement~~ indorsement is supplied.

Sec. 37. Section 554.7507, Code 2007, is amended to read as follows:

554.7507 WARRANTIES ON NEGOTIATION OR ~~TRANSFER~~ DELIVERY OF ~~RECEIPT-OR-BILL~~ DOCUMENT OF TITLE.

Where If a person negotiates or ~~transfers~~ delivers a document of title for value otherwise than as a mere

intermediary under ~~the next following~~ section 554.7508, then unless otherwise agreed ~~that person,~~ the transferor, in addition to any warranty made in selling or leasing the goods, warrants to ~~that person's~~ its immediate purchaser only in ~~addition to any warranty made in selling the goods~~ that:

a- 1. that the document is genuine; and

b- 2. ~~that that person has no~~ the transferor does not have knowledge of any fact which that would impair its the document's validity or worth; and

c- 3. ~~that that person's~~ the negotiation or ~~transfer~~ delivery is rightful and fully effective with respect to the title to the document and the goods it represents.

Sec. 38. Section 554.7508, Code 2007, is amended to read as follows:

554.7508 WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS 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 ~~such~~ the delivery of the documents only its own good faith and authority. ~~---This rule applies even though if~~ the collecting bank or other intermediary has purchased or made advances against the claim or draft to be collected.

Sec. 39. Section 554.7509, Code 2007, is amended to read as follows:

554.7509 ~~RECEIPT OR BILL;--WHEN ADEQUATE COMPLIANCE WITH~~ COMMERCIAL CONTRACT.

~~The question whether~~ 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 governed determined by ~~the Articles on Sales (Article 2) and on Letters of Credit (Article 5)~~ Article 2, 5, or 13.

Sec. 40. Section 554.7601, Code 2007, is amended to read as follows:

554.7601 ~~LOST AND MISSING,~~ STOLEN, OR DESTROYED DOCUMENTS OF TITLE.

1. If a document ~~has been~~ 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 such 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 must post claimant's posting security approved-by-the-court-to indemnify unless it finds that any person who 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 not negotiable, such-security the court may be required-at-the-discretion-of-the-court require security. The court may also in-its-discretion order payment of the bailee's reasonable costs and counsel attorney's fees in any action under this subsection.

2. A bailee who that, without a court order, delivers goods to a person claiming under a missing negotiable document of title is liable to any person injured thereby, and-if. If the delivery is not in good faith becomes, the bailee is liable for conversion. Delivery in good faith is not conversion if made-in-accordance-with-a-filed-classification or-tariff-or, where-no-classification-or-tariff-is-filed, 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 who which files a notice of claim within one year after the delivery.

3.--If-a-warehouse-receipt-has-been-lost-or-destroyed, the warehouse-operator shall-issue-a-duplicate-upon-receipt-of:

a.--An-affidavit-that-the-warehouse-receipt-has-been-lost or-destroyed.

b.--A-bond-in-an-amount-at-least-double-the-value-of-the goods-at-the-time-of-posting-the-bond, to-indemnify-any-person injured-by-issuance-of-the-duplicate-warehouse-receipt-who files-a-notice-of-claim-within-one-year-after-delivery-of-the goods.

A-duplicate-warehouse-receipt-shall-be-plainly-marked-to indicate-that-it-is-a-duplicate.--A-receipt-plainly-marked-as a-duplicate-is-a-representation-and-warranty-by-the-warehouse operator-that-the-duplicate-receipt-is-an-accurate-copy-of-an original-receipt-properly-issued-and-uncanceled-at-the-date-of the-issue-of-the-duplicate, but-shall-impose-upon-the warehouse-operator-no-other-liability.

~~A warehouse operator who in good faith delivers goods to the holder of a duplicate receipt issued in accordance with this subsection is liable to any person injured by the delivery, but only to the extent of the security posted in accordance with paragraph "b" of this subsection.~~

~~4.--If a warehouse receipt has been lost or destroyed, the depositor may either remove the goods from the warehouse or sell the goods to the warehouse operator after executing a lost warehouse receipt release on a form prescribed by the department of agriculture and land stewardship.--The form shall include an affidavit stating that the warehouse receipt has been lost or destroyed, and the depositor's undertaking to indemnify the warehouse operator for any loss incurred as a result of the loss or destruction of the warehouse receipt. The form shall be filed with the department of agriculture and land stewardship.~~

~~5.--If a warehouse receipt has been lost or destroyed by a warehouse operator after delivery of the goods or purchase of the goods by the warehouse operator, the warehouse operator shall execute and file with the department of agriculture and land stewardship a notarized affidavit stating that the warehouse receipt has been lost or destroyed by the warehouse operator after delivery or purchase of the goods by the warehouse operator.--The form of the affidavit shall be prescribed by the department of agriculture and land stewardship.~~

Sec. 41. NEW SECTION. 554.7601A LOST, STOLEN, OR DESTROYED DOCUMENTS -- ADDITIONAL REQUIREMENTS.

1. a. If a warehouse receipt has been lost, stolen, or destroyed, the warehouse shall issue a duplicate upon receipt of:

(1) an affidavit that the warehouse receipt has been lost, stolen, or destroyed.

(2) a bond in an amount at least double the value of the goods at the time of posting the bond, to indemnify any person injured by issuance of the duplicate warehouse receipt who files a notice of claim within one year after delivery of the goods.

b. A duplicate warehouse receipt shall be plainly marked to indicate that it is a duplicate. A receipt plainly marked

as a duplicate is a representation and warranty by the warehouse that the duplicate receipt is an accurate copy of an original receipt properly issued and uncanceled at the date of the issue of the duplicate, but shall not impose upon the warehouse other liability.

c. A warehouse which in good faith delivers goods to the holder of a duplicate receipt issued in accordance with this subsection is liable to any person injured by the delivery, but only to the extent of the security posted in accordance with paragraph "b" of this subsection.

2. If a warehouse receipt has been lost, stolen, or destroyed, the depositor may either remove the goods from the warehouse facility or sell the goods to the warehouse after executing a lost warehouse receipt release on a form prescribed by the department of agriculture and land stewardship. The form shall include an affidavit stating that the warehouse receipt has been lost or destroyed, and the depositor's undertaking to indemnify the warehouse for any loss incurred as a result of the loss or destruction of the warehouse receipt. The form shall be filed with the department of agriculture and land stewardship.

3. If a warehouse receipt has been lost or destroyed by a warehouse after delivery of the goods or purchase of the goods by the warehouse, the warehouse shall execute and file with the department of agriculture and land stewardship a notarized affidavit stating that the warehouse receipt has been lost or destroyed by the warehouse after delivery or purchase of the goods by the warehouse. The form of the affidavit shall be prescribed by the department of agriculture and land stewardship.

Sec. 42. Section 554.7602, Code 2007, is amended to read as follows:

554.7602 ~~ATTACHMENT-OF~~ JUDICIAL PROCESS AGAINST GOODS COVERED BY A NEGOTIABLE DOCUMENT OF TITLE.

~~Except where the~~ Unless a document of title was originally issued upon delivery of the goods by a person ~~who had no~~ that did not have power to dispose of them, ~~no a lien attaches~~ 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 ~~be is~~ first surrendered to the bailee or ~~its the~~ document's negotiation ~~is enjoined, and the.~~ The bailee ~~shall~~ may not be compelled to deliver the goods pursuant to process until possession or control of the document is surrendered to the bailee or ~~impounded by to~~ the court. ~~One who purchases A~~ purchaser of the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

Sec. 43. Section 554.7603, Code 2007, is amended to read as follows:

554.7603 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 ~~had~~ a reasonable time to ascertain the validity of the adverse claims or to ~~bring~~ commence an action ~~to compel all claimants to interplead and may compel such interpleader,~~ for interpleader. The bailee may assert an interpleader either in defending an action for nondelivery of the goods, or by original action, ~~whichever is appropriate.~~

Sec. 44. Section 554.10104, Code 2007, is repealed.

Sec. 45. 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 on or 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.

Sec. 46. 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.

Sec. 47. Section 554.1201, subsections 5, 6, 10, 14, 15, 20, 25, 26, 27, 38, and 45, Code 2007, are amended to read as follows:

5. "Bearer" means the a person in control of a negotiable electronic document of title or a person in possession of an instrument, a negotiable tangible document of title, or a certificated security payable to bearer or endorsed in blank.

6. "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods, ~~and includes an airbill.~~ "Airbill" means a document serving for air transportation as a bill of lading does for marine or rail transportation, and includes an air consignment note or air waybill. The term does not include a warehouse receipt.

10. "Conspicuous" ~~is~~ A, with reference to a term or clause is conspicuous when it is, means so written, displayed, or presented that a reasonable person against whom 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 printed a heading in capitals (as:--"Nonnegotiable Bill of Lading") is conspicuous 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 language in the body of a form is "conspicuous" if it is record or display in larger or other contrasting 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. But in a telegram any stated term is "conspicuous".--Whether a term or clause is "conspicuous" or not is for decision by the court.

14. "Delivery" with respect to an electronic document of title means voluntary transfer of control and with respect to instruments, tangible documents of title, chattel paper, or certificated securities means voluntary transfer of possession.

15. "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~~ means a record that

a. in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of ~~it~~ the record is entitled to receive, control, hold, and dispose of the ~~document~~ record and the goods ~~it~~ the record covers and

b. that purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass. The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods.

~~To-be-a~~ An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document must-purport-to-be-issued-by-or-addressed-to of title evidenced by a bailee-and-purport-to-cover-goods-in-the bailee's-possession-which-are-either-identified-or-are fungible-portions-of-an-identified-mass record consisting of information that is inscribed on a tangible medium.

20. ~~"Holder"-with-respect-to-a-negotiable-instrument,~~ means:

a. ~~the person in possession if-the~~ of a negotiable instrument that is payable either to bearer or, ~~in-the-case-of an-instrument-payable~~ to an identified person, ~~if-the identified that is the person is~~ in possession;

b. ~~"Holder"-with-respect-to~~ the person in possession of a negotiable tangible document of title means-the-person-in possession if the goods are deliverable either to bearer or to the order of the person in possession; or

c. the person in control of a negotiable electronic document of title.

25. A Subject to subsection 27, a person has "notice" of a fact when if the person

a. ~~the-person~~ has actual knowledge of it; or

b. ~~the-person~~ has received a notice or notification of it; or

c. from all the facts and circumstances known to the person at the time in question, ~~the-person~~ has reason to know that it exists.

PARAGRAPH DIVIDED. A person "knows" or has "knowledge" of a fact when ~~that~~ the person has actual knowledge of it. "Discover" or "learn" or a word or phrase of similar import refers to knowledge rather than to reason to know. The time and circumstances under which a notice or notification may cease to be effective are not determined by this chapter.

26. A person "notifies" or "gives" a notice or notification to another person by taking such steps as may be reasonably required to inform the other person in ordinary course, whether or not ~~such~~ the other person actually comes to know of it. A Subject to subsection 27, a person "receives" a notice or notification when

a. it comes to that person's attention; or

b. it is duly delivered in a form reasonable under the circumstances at the place of business through which the contract was made or at ~~any-other-place~~ another location held out by that person as the place for receipt of such communications.

27. Notice, knowledge, or a notice or notification received by an organization is effective for a particular transaction from the time when it is brought to the attention of the individual conducting that transaction, and in any event, from the time when it would have been brought to ~~that~~ the individual's attention if the organization had exercised due diligence. An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routines. Due diligence does not require an individual acting for the organization to communicate information unless such communication is part of ~~that~~ the individual's regular duties or ~~unless~~ the individual has reason to know of the transaction and that the transaction would be materially affected by the information.

38. "Send" in connection with any 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. The receipt of~~ in any writing other way to cause to be received any record or notice within the time ~~at which~~ it would have arrived if properly sent ~~has the effect of a proper sending.~~

45. "Warehouse receipt" means a ~~receipt~~ document of title issued by a person engaged in the business of storing goods for hire.

PART B

ARTICLE 2

Sec. 48. Section 554.2103, subsection 3, Code 2007, is amended to read as follows:

3. ~~The~~ "Control" as provided in section 554.7106 and the following definitions in other Articles apply to this Article:

"Check"	Section 554.3104
"Consignee"	Section 554.7102
"Consignor"	Section 554.7102
"Consumer goods"	Section 554.9102
"Dishonor"	Section 554.3502
"Draft"	Section 554.3104

Sec. 49. Section 554.2104, subsection 2, Code 2007, is amended to read as follows:

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 or are associated with 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 554.2707).

Sec. 50. Section 554.2310, Code 2007, is amended to read as follows:

554.2310 OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT --
AUTHORITY TO SHIP UNDER RESERVATION.

Unless otherwise agreed

a. payment is due at the time and place at which the buyer is to receive the goods even though the place of shipment is the place of delivery; and

b. if the seller is authorized to send the goods the seller may ship them under reservation, and may tender the documents of title, but the buyer may inspect the goods after their arrival before payment is due unless such inspection is inconsistent with the terms of the contract (section 554.2513); and

c. if delivery is authorized and made by way of documents of title otherwise than by subsection "b" then payment is due regardless of where the goods are to be received (i) at the time and place at which the buyer is to receive delivery of the tangible documents regardless-of-where-the-goods-are or (ii) at the time the buyer is to be-received receive delivery of the electronic documents and at the seller's place of business or if none, the seller's residence; and

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

Sec. 51. Section 554.2323, subsection 2, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Where in a case within subsection 1 a tangible bill of lading has been issued in a set of parts, unless otherwise agreed if the documents are not to be sent from abroad the buyer may demand tender of the full set; otherwise only one part of the bill of lading need be tendered. Even if the agreement expressly requires a full set

Sec. 52. Section 554.2401, subsection 3, paragraphs a and b, Code 2007, are amended to read as follows:

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

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

Sec. 53. Section 554.2503, subsection 4, paragraph b, Code 2007, is amended to read as follows:

b. tender to the buyer of a nonnegotiable document of title or of a ~~written-direction-to~~ record directing the bailee to deliver is sufficient tender unless the buyer seasonably objects, and except as otherwise provided in Article 9 receipt by the bailee of notification of the buyer's rights fixes those rights as against the bailee and all third persons; but risk of loss of the goods and of any failure by the bailee to honor the nonnegotiable document of title or to obey the direction remains on the seller until the buyer has had a reasonable time to present the document or direction, and a refusal by the bailee to honor the document or to obey the direction defeats the tender.

Sec. 54. Section 554.2503, subsection 5, paragraph b, Code 2007, is amended to read as follows:

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

Sec. 55. Section 554.2505, subsection 1, paragraph b, Code 2007, is amended to read as follows:

b. a nonnegotiable bill of lading to the seller or the seller's nominee reserves possession of the goods as security but except in a case of conditional delivery (subsection 2 of section 554.2507) a nonnegotiable bill of lading naming the buyer as consignee reserves no security interest even though the seller retains possession or control of the bill of lading.

Sec. 56. Section 554.2505, subsection 2, Code 2007, is amended to read as follows:

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

Sec. 57. Section 554.2506, subsection 2, Code 2007, is amended to read as follows:

2. The right to reimbursement of a financing agency which has in good faith honored or purchased the draft under commitment to or authority from the buyer is not impaired by

subsequent discovery of defects with reference to any relevant document which was apparently regular ~~on-its-face~~.

Sec. 58. Section 554.2509, subsection 2, paragraphs a and c, Code 2007, are amended to read as follows:

a. on the buyer's receipt of possession or control of a negotiable document of title covering the goods; or

c. after the buyer's receipt of possession or control of a nonnegotiable document of title or other written direction to deliver in a record, as provided in ~~subsection 4-"b"-of~~ section 554.2503, subsection 4, paragraph "b".

Sec. 59. Section 554.2605, subsection 2, Code 2007, is amended to read as follows:

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

Sec. 60. Section 554.2705, subsection 2, paragraph c, Code 2007, is amended to read as follows:

c. such acknowledgment to the buyer by a carrier by reshipment or as a warehouse operator; or

Sec. 61. Section 554.2705, subsection 3, paragraph c, Code 2007, is amended to read as follows:

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

PART C

ARTICLE 4

Sec. 62. Section 554.4104, subsection 3, Code 2007, is amended to read as follows:

3. The "Control" as provided in section 554.7106 and the following definitions in other Articles apply to this Article:

"Acceptance"	Section 554.3409
"Alteration"	Section 554.3407
"Cashier's check"	Section 554.3104
"Certificate of deposit"	Section 554.3104
"Certified check"	Section 554.3409
"Check"	Section 554.3104
"Good faith"	Section 554.3103
"Holder in due course"	Section 554.3302
"Instrument"	Section 554.3104

"Notice of dishonor"	Section 554.3503
"Order"	Section 554.3103
"Ordinary care"	Section 554.3103
"Person entitled to enforce"	Section 554.3301
"Presentment"	Section 554.3501
"Promise"	Section 554.3103
"Prove"	Section 554.3103
"Teller's check"	Section 554.3104
"Unauthorized signature"	Section 554.3403

Sec. 63. Section 554.4210, subsection 3, unnumbered paragraph 1, Code 2007, is amended to read as follows:

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

PART D

ARTICLE 8

Sec. 64. Section 554.8103, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 7. A document of title is not a financial asset unless section 554.8102, subsection 1, paragraph "i", subparagraph (3) applies.

PART E

ARTICLE 9

Sec. 65. Section 554.9102, subsection 2, Code 2007, is amended to read as follows:

2. DEFINITIONS IN OTHER ARTICLES. The "Control" as provided in section 554.7106 and the following definitions in other Articles apply to this Article:

"Applicant"	Section 554.5102
"Beneficiary"	Section 554.5102
"Broker"	Section 554.8102
"Certificated security"	Section 554.8102
"Check"	Section 554.3104

"Clearing corporation"	Section 554.8102
"Contract for sale"	Section 554.2106
"Customer"	Section 554.4104
"Entitlement holder"	Section 554.8102
"Financial asset"	Section 554.8102
"Holder in due course"	Section 554.3302
"Issuer" (with respect to a letter of credit or letter-of-credit right)	Section 554.5102
"Issuer" (with respect to a security)	Section 554.8201
<u>"Issuer" (with respect to documents of title)</u>	<u>Section 554.7102</u>
"Lease"	Section 554.13103
"Lease agreement"	Section 554.13103
"Lease contract"	Section 554.13103
"Leasehold interest"	Section 554.13103
"Lessee"	Section 554.13103
"Lessee in ordinary course of business"	Section 554.13103
"Lessor"	Section 554.13103
"Lessor's residual interest"	Section 554.13103
"Letter of credit"	Section 554.5102
"Merchant"	Section 554.2104
"Negotiable instrument"	Section 554.3104
"Nominated person"	Section 554.5102
"Note"	Section 554.3104
"Proceeds of a letter of credit"	Section 554.5114
"Prove"	Section 554.3103
"Sale"	Section 554.2106
"Securities account"	Section 554.8501
"Securities intermediary"	Section 554.8102
"Security"	Section 554.8102
"Security certificate"	Section 554.8102
"Security entitlement"	Section 554.8102
"Uncertificated security"	Section 554.8102

Sec. 66. Section 554.9203, subsection 2, paragraph c, subparagraph (4), Code 2007, is amended to read as follows:

"Clearing corporation"	Section 554.8102
"Contract for sale"	Section 554.2106
"Customer"	Section 554.4104
"Entitlement holder"	Section 554.8102
"Financial asset"	Section 554.8102
"Holder in due course"	Section 554.3302
"Issuer" (with respect to a letter of credit or letter-of-credit right)	Section 554.5102
"Issuer" (with respect to a security)	Section 554.8201
<u>"Issuer" (with respect to documents of title)</u>	<u>Section 554.7102</u>
"Lease"	Section 554.13103
"Lease agreement"	Section 554.13103
"Lease contract"	Section 554.13103
"Leasehold interest"	Section 554.13103
"Lessee"	Section 554.13103
"Lessee in ordinary course of business"	Section 554.13103
"Lessor"	Section 554.13103
"Lessor's residual interest"	Section 554.13103
"Letter of credit"	Section 554.5102
"Merchant"	Section 554.2104
"Negotiable instrument"	Section 554.3104
"Nominated person"	Section 554.5102
"Note"	Section 554.3104
"Proceeds of a letter of credit"	Section 554.5114
"Prove"	Section 554.3103
"Sale"	Section 554.2106
"Securities account"	Section 554.8501
"Securities intermediary"	Section 554.8102
"Security"	Section 554.8102
"Security certificate"	Section 554.8102
"Security entitlement"	Section 554.8102
"Uncertificated security"	Section 554.8102

Sec. 66. Section 554.9203, subsection 2, paragraph c, subparagraph (4), Code 2007, is amended to read as follows:

(4) the collateral is deposit accounts, electronic chattel paper, investment property, ~~or~~ letter-of-credit rights, or electronic documents, and the secured party has control under section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107 pursuant to the debtor's security agreement.

Sec. 67. Section 554.9207, subsection 3, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Except as otherwise provided in subsection 4, a secured party having possession of collateral or control of collateral under section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107:

Sec. 68. Section 554.9208, subsection 2, paragraphs d and e, Code 2007, are amended to read as follows:

d. a secured party having control of investment property under section 554.8106, subsection 4, paragraph "b", or section 554.9106, subsection 2, shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party; ~~and~~

e. a secured party having control of a letter-of-credit right under section 554.9107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; ~~and~~

f. a secured party having control of an electronic document shall:

(1) give control of the electronic document to the debtor or its designated custodian;

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

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

Sec. 69. Section 554.9301, subsection 3, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Except as otherwise provided in subsection 4, while tangible negotiable documents, goods, instruments, money, or tangible chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

Sec. 70. Section 554.9310, subsection 2, paragraphs e and h, Code 2007, are amended to read as follows:

e. in certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under section 554.9312, subsection 5, 6, or 7;

h. in deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights which is perfected by control under section 554.9314;

Sec. 71. Section 554.9312, subsection 5, Code 2007, is amended to read as follows:

5. TEMPORARY PERFECTION -- NEW VALUE. A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of twenty days from the time it attaches to the extent that it arises for new value given under an authenticated security agreement.

Sec. 72. Section 554.9313, subsection 1, Code 2007, is amended to read as follows:

1. PERFECTION BY POSSESSION OR DELIVERY. Except as otherwise provided in subsection 2, a secured party may perfect a security interest in tangible negotiable documents, goods, instruments, money, or tangible chattel paper by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under section 554.8301.

Sec. 73. Section 554.9314, subsections 1 and 2, Code 2007, are amended to read as follows:

1. PERFECTION BY CONTROL. A security interest in investment property, deposit accounts, letter-of-credit rights, ~~or~~ electronic chattel paper, or electronic documents may be perfected by control of the collateral under section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107.

2. SPECIFIED COLLATERAL -- TIME OF PERFECTION BY CONTROL -- CONTINUATION OF PERFECTION. A security interest in deposit accounts, electronic chattel paper, ~~or~~ letter-of-credit rights, or electronic documents is perfected by control under section 554.7106, 554.9104, 554.9105, or 554.9107 when the secured party obtains control and remains perfected by control only while the secured party retains control.

Sec. 74. Section 554.9317, subsections 2 and 4, Code 2007, are amended to read as follows:

2. BUYERS THAT RECEIVE DELIVERY. Except as otherwise provided in subsection 5, a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a security certificate takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

4. LICENSEES AND BUYERS OF CERTAIN COLLATERAL. A licensee of a general intangible or a buyer, other than a secured party, of accounts, electronic chattel paper, electronic documents, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

Sec. 75. Section 554.9338, subsection 2, Code 2007, is amended to read as follows:

2. a purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of tangible chattel paper, tangible documents, goods, instruments, or a security certificate, receives delivery of the collateral.

Sec. 76. Section 554.9601, subsection 2, Code 2007, is amended to read as follows:

2. RIGHTS AND DUTIES OF SECURED PARTY IN POSSESSION OR CONTROL. A secured party in possession of collateral or control of collateral under section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107 has the rights and duties provided in section 554.9207.

PART F

ARTICLE 13

Sec. 77. Section 554.13103, subsection 1, paragraphs a and o, Code 2007, are amended to read as follows:

a. "Buyer in ordinary course of business" means a person who in good faith and without knowledge that the sale to the person 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~~ acquiring goods or documents of title under a preexisting 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.

o. "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease to the person 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~~ acquiring goods or documents of title under a preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

Sec. 78. Section 554.13514, subsection 2, Code 2007, is amended to read as follows:

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

Sec. 79. Section 554.13526, subsection 2, paragraph c, Code 2007, is amended to read as follows:

c. such an acknowledgment to the lessee by a carrier via reshipment or as ~~warehouse~~ a warehouse.

PART G

MISCELLANEOUS

Sec. 80. Section 203C.17, subsection 1, Code 2007, is amended to read as follows:

1. Any grain which has been received at any licensed warehouse for which the actual sale price is not fixed and proper documentation made or payment made shall be construed to be grain held for storage within the meaning of this chapter. Grain may be held in open storage or placed on warehouse receipt. A warehouse receipt shall be issued for all grain held in open storage within one year from the date of delivery to the warehouse, unless the depositor has signed a statement that the depositor does not desire a warehouse receipt. A warehouse receipt shall be issued upon request by the depositor. The warehouse operator's tariff shall apply for any grain that is retained in open storage or under warehouse receipt.

Sec. 81. Section 203C.18, Code 2007, is amended to read as follows:

203C.18 ~~ISSUANCE-OF~~ WAREHOUSE RECEIPTS -- ISSUANCE, PRINTING, AND ELECTRONIC FILING.

1. For all agricultural products that become storage in a licensed warehouse, warehouse receipts signed by the licensed warehouse operator or the operator's authorized agent shall be issued by the licensed warehouse operator. Such warehouse receipts shall be in the form required or permitted by uniform commercial code, sections 554.7202 and 554.7204, provided, however, that each receipt issued for agricultural products, in addition to the matters specified in uniform commercial code, section 554.7202 shall embody in its written or printed terms:

~~1-~~ a. The receiving and loadout charges which will be made by the warehouse operator.

~~2-~~ b. The grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made;

provided that such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated; provided, further, that until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the secretary of agriculture of the United States.

3. c. A statement that the receipt is issued subject to the Iowa warehouse Act and the rules and regulations prescribed pursuant to the Act.

4. d. Such other terms and conditions as may be required by rules of the department.

2. Warehouses that are not licensed pursuant to this chapter or by the United States government shall not issue warehouse receipts for agricultural products.

~~The original copy of every warehouse receipt shall be imprinted with the signature of the secretary of agriculture prior to issuance.~~

3. Forms for warehouse receipts shall only be printed by a person approved by the department. A form for a warehouse receipt shall be printed in accordance with specifications set forth by the department. A form for a warehouse receipt that is unused at the time that a warehouse operator's license is canceled, suspended, revoked, or terminated shall be surrendered to the department.

4. The department may adopt rules to allow for the issuance of electronic warehouse receipts by a provider who is a person approved by the department to maintain a secure electronic central filing system of electronic records including warehouse receipts and who is independent of an outside influence or bias in action or appearance.

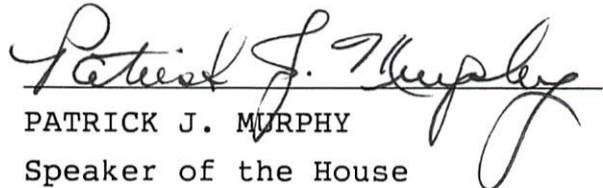
Sec. 82. Section 203C.19, Code 2007, is amended to read as follows:

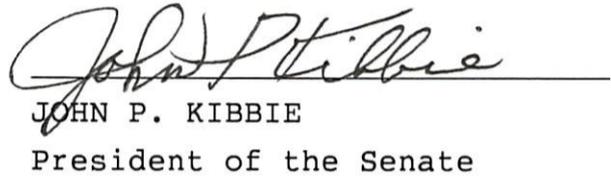
203C.19 RIGHTS AND OBLIGATIONS WITH RESPECT TO WAREHOUSE RECEIPTS -- LOST RECEIPTS.

1. Insofar as not inconsistent with the provisions of this chapter, original or duplicate receipts issued by licensed

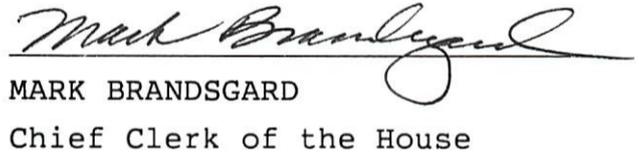
warehouse operators shall be deemed to have been issued under the provisions of uniform commercial code, chapter 554, article 7.

2. Duplicates and releases for lost, destroyed, or stolen warehouse receipts may be issued only in accordance with the provisions of section sections 554.7601 and 554.7601A.

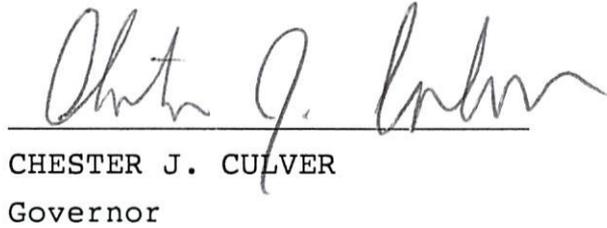

PATRICK J. MURPHY
Speaker of the House


JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 716, Eighty-second General Assembly.


MARK BRANDSGARD
Chief Clerk of the House

Approved March 28th, 2007


CHESTER J. CULVER
Governor