

# Senate Study Bill 1218

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
JUDICIARY BILL BY  
CHAIRPERSON KREIMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to revising the uniform commercial code, by  
2 providing for warehouse receipts, bills of lading, and other  
3 documents of title.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1073SC 82  
6 da/je/5

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1 1 DIVISION I  
1 2 REVISION TO UNIFORM COMMERCIAL CODE  
1 3 ARTICLE 7  
1 4 Section 1. Section 554.7101, Code 2007, is amended to read  
1 5 as follows:  
1 6 554.7101 SHORT TITLE.  
1 7 This Article ~~shall be known and~~ may be cited as Uniform  
1 8 Commercial Code == Documents of Title.  
1 9 Sec. 2. Section 554.7102, Code 2007, is amended to read as  
1 10 follows:  
1 11 554.7102 DEFINITIONS AND INDEX OF DEFINITIONS.  
1 12 1. In this Article, unless the context otherwise requires:  
1 13 a. "Bailee" means ~~the~~ a person ~~who that~~ by a warehouse  
1 14 receipt, bill of lading, or other document of title  
1 15 acknowledges possession of goods and contracts to deliver  
1 16 them.  
1 17 b. "Carrier" means a person that issues a bill of lading.  
1 18 c. "Consignee" means the a person named in a bill of  
1 19 lading to whom which or to whose order the bill promises  
1 20 delivery.  
1 21 e- d. "Consignor" means the a person named in a bill of  
1 22 lading as the person from whom which the goods have been  
1 23 received for shipment.  
1 24 d- e. "Delivery order" means a written a record that  
1 25 contains an order to deliver goods directed to a warehouse  
1 26 operator, carrier, or other person who that in the ordinary  
1 27 course of business issues warehouse receipts or bills of  
1 28 lading.  
1 29 e. ~~"Document" means document of title as defined in the~~  
1 30 ~~general definitions in Article 1 (section 554.1201).~~  
1 31 f. "Good faith" means honesty in fact and the observance  
1 32 of reasonable commercial standards of fair dealing.  
1 33 g. "Goods" means all things which that are treated as  
1 34 movable for the purposes of a contract of for storage or  
1 35 transportation.  
2 1 g- h. "Issuer" means a bailee who that issues a document  
2 2 except that in relation to of title or, in the case of an  
2 3 unaccepted delivery order, it means the person who that orders  
2 4 the possessor of goods to deliver. Issuer The term includes  
2 5 any a person for whom which an agent or employee purports to  
2 6 act in issuing a document if the agent or employee has real or  
2 7 apparent authority to issue documents, notwithstanding that  
2 8 even if the issuer received no did not receive any goods, or  
2 9 that the goods were misdescribed, or that in any other respect  
2 10 the agent or employee violated that agent's or employee's the  
2 11 issuer's instructions.  
2 12 i. "Person entitled under the document" means the holder,  
2 13 in the case of a negotiable document of title, or the person  
2 14 to which delivery of the goods is to be made by the terms of,  
2 15 or pursuant to instructions in a record under, a nonnegotiable  
2 16 document of title.  
2 17 j. "Record" means information that is inscribed on a

2 18 tangible medium or that is stored in an electronic or other  
2 19 medium and is retrievable in perceivable form.  
2 20 k. "Sign" means, with present intent to authenticate or  
2 21 adopt a record:  
2 22 (1) to execute or adopt a tangible symbol; or  
2 23 (2) to attach to or logically associate with the record an  
2 24 electronic sound, symbol, or process.  
2 25 l. "Shipper" means a person that enters into a contract of  
2 26 transportation with a carrier.  
2 27 h. m. "Warehouse operator" is "Warehouse" means a person  
2 28 engaged in the business of storing goods for hire.  
2 29 2. Other definitions applying to this Article or to  
2 30 specified Parts thereof, and the sections in which they appear  
2 31 are:  
2 32 "Duly negotiate" Section 554.7501  
2 33 "Person entitled under  
2 34 the document" Section 554.7403(4)  
2 35 3. Definitions in other Articles applying to this Article  
3 1 and the sections in which they appear are:  
3 2 a. "Contract for sale" Section 554.2106  
3 3 "Overseas" Section 554.2323  
3 4 b. "Lessee in ordinary course  
3 5 of business" Section 554.13103  
3 6 c. "Receipt" of goods Section 554.2103  
3 7 4. 3. In addition, Article 1 contains general definitions  
3 8 and principles of construction and interpretation applicable  
3 9 throughout this Article.  
3 10 Sec. 3. Section 554.7103, Code 2007, is amended to read as  
3 11 follows:  
3 12 554.7103 RELATION OF ARTICLE TO TREATY, OR STATUTE,  
3 13 TARIFF, CLASSIFICATION OR REGULATION.  
3 14 1. To the extent that This Article is subject to any  
3 15 treaty or statute of the United States, or regulatory statute  
3 16 of this state or tariff, classification or regulation filed or  
3 17 issued pursuant thereto to the extent that the treaty,  
3 18 statute, or regulatory statute is applicable, the provisions  
3 19 of this Article are subject thereto.  
3 20 2. This Article does not modify or repeal any law  
3 21 prescribing the form or content of a document of title or the  
3 22 services or facilities to be afforded by a bailee, or  
3 23 otherwise regulating a bailee's business in respects not  
3 24 specifically treated in this Article. However, violation of  
3 25 such a law does not affect the status of a document of title  
3 26 that otherwise is within the definition of a document of  
3 27 title.  
3 28 3. This Article modifies, limits, and supersedes the  
3 29 federal Electronic Signatures in Global and National Commerce  
3 30 Act (15 U.S.C. } 7001, et seq.) but does not modify, limit, or  
3 31 supersede } 101(c) of that Act (15 U.S.C. } 7001(c)) or  
3 32 authorize electronic delivery of any of the notices described  
3 33 in } 103(b) of that Act (15 U.S.C. } 7003(b)).  
3 34 4. To the extent there is a conflict between chapter 554D,  
3 35 the "Uniform Electronic Transactions Act", and this Article,  
4 1 this Article governs.  
4 2 Sec. 4. Section 554.7104, Code 2007, is amended to read as  
4 3 follows:  
4 4 554.7104 NEGOTIABLE AND NONNEGOTIABLE WAREHOUSE RECEIPT,  
4 5 BILL OF LADING OR OTHER DOCUMENT OF TITLE.  
4 6 1. A warehouse receipt, bill of lading or other Except as  
4 7 otherwise provided in subsection 3, a document of title is  
4 8 negotiable  
4 9 a. if by its terms the goods are to be delivered to bearer  
4 10 or to the order of a named person, or  
4 11 b. where recognized in overseas trade, if it runs to a  
4 12 named person or assigns.  
4 13 2. Any other A document of title other than the one  
4 14 described in subsection 1 is nonnegotiable. A bill of lading  
4 15 in which it is stated that states that the goods are consigned  
4 16 to a named person is not made negotiable by a provision that  
4 17 the goods are to be delivered only against a written an order  
4 18 in a record signed by the same or another named person.  
4 19 3. A document of title is nonnegotiable if, at the time it  
4 20 is issued, the document has a conspicuous legend, however  
4 21 expressed, that it is nonnegotiable.  
4 22 Sec. 5. Section 554.7105, Code 2007, is amended to read as  
4 23 follows:  
4 24 554.7105 CONSTRUCTION AGAINST NEGATIVE IMPLICATION  
4 25 REISSUANCE IN ALTERNATIVE MEDIUM.  
4 26 1. The omission from either Part 2 or Part 3 of this  
4 27 Article of a provision corresponding to a provision made in  
4 28 the other Part does not imply that a corresponding rule of law

~~4 29 is not applicable. Upon request of a person entitled under an~~  
~~4 30 electronic document of title, the issuer of the electronic~~  
~~4 31 document may issue a tangible document of title as a~~  
~~4 32 substitute for the electronic document if:~~  
4 33 a. the person entitled under the electronic document  
4 34 surrenders control of the document to the issuer; and  
4 35 b. the tangible document when issued contains a statement  
5 1 that it is issued in substitution for the electronic document.  
5 2 2. Upon issuance of a tangible document of title in  
5 3 substitution for an electronic document of title in accordance  
5 4 with subsection 1:  
5 5 a. the electronic document ceases to have any effect or  
5 6 validity; and  
5 7 b. the person that procured issuance of the tangible  
5 8 document warrants to all subsequent persons entitled under the  
5 9 tangible document that the warrantor was a person entitled  
5 10 under the electronic document when the warrantor surrendered  
5 11 control of the electronic document to the issuer.  
5 12 3. Upon request of a person entitled under a tangible  
5 13 document of title, the issuer of the tangible document may  
5 14 issue an electronic document of title as a substitute for the  
5 15 tangible document if:  
5 16 a. the person entitled under the tangible document  
5 17 surrenders possession of the document to the issuer; and  
5 18 b. the electronic document when issued contains a  
5 19 statement that it is issued in substitution for the tangible  
5 20 document.  
5 21 4. Upon issuance of an electronic document of title in  
5 22 substitution for a tangible document of title in accordance  
5 23 with subsection 3:  
5 24 a. the tangible document ceases to have any effect or  
5 25 validity; and  
5 26 b. the person that procured issuance of the electronic  
5 27 document warrants to all subsequent persons entitled under the  
5 28 electronic document that the warrantor was a person entitled  
5 29 under the tangible document when the warrantor surrendered  
5 30 possession of the tangible document to the issuer.

5 31 Sec. 6. NEW SECTION. 554.7106 CONTROL OF ELECTRONIC  
5 32 DOCUMENT OF TITLE.

5 33 1. A person has control of an electronic document of title  
5 34 if a system employed for evidencing the transfer of interests  
5 35 in the electronic document reliably establishes that person as  
6 1 the person to which the electronic document was issued or  
6 2 transferred.

6 3 2. A system satisfies subsection 1, and a person is deemed  
6 4 to have control of an electronic document of title, if the  
6 5 document is created, stored, and assigned in such a manner  
6 6 that:

- 6 7 a. a single authoritative copy of the document exists  
6 8 which is unique, identifiable, and, except as otherwise  
6 9 provided in paragraphs "d", "e", and "f", unalterable;  
6 10 b. the authoritative copy identifies the person asserting  
6 11 control as:  
6 12 (1) the person to which the document was issued; or  
6 13 (2) if the authoritative copy indicates that the document  
6 14 has been transferred, the person to which the document was  
6 15 most recently transferred;  
6 16 c. the authoritative copy is communicated to and  
6 17 maintained by the person asserting control or its designated  
6 18 custodian;  
6 19 d. copies or amendments that add or change an identified  
6 20 assignee of the authoritative copy can be made only with the  
6 21 consent of the person asserting control;  
6 22 e. each copy of the authoritative copy and any copy of a  
6 23 copy is readily identifiable as a copy that is not the  
6 24 authoritative copy; and  
6 25 f. any amendment of the authoritative copy is readily  
6 26 identifiable as authorized or unauthorized.

6 27 Sec. 7. Section 554.7201, Code 2007, is amended to read as  
6 28 follows:

6 29 554.7201 ~~WHO PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT ==~~  
6 30 STORAGE UNDER ~~GOVERNMENT~~ BOND.

6 31 1. A warehouse receipt may be issued by any warehouse  
6 32 operator.

6 33 2. ~~Where~~ If goods, including distilled spirits and  
6 34 agricultural commodities, are stored under a statute requiring  
6 35 a bond against withdrawal or a license for the issuance of  
7 1 receipts in the nature of warehouse receipts, a receipt issued  
7 2 for the goods ~~has like effect as is deemed to be~~ a warehouse  
7 3 receipt even ~~though~~ if issued by a person ~~who~~ that is the  
7 4 owner of the goods and is not a warehouse operator.

7 5 Sec. 8. Section 554.7202, Code 2007, is amended to read as  
7 6 follows:

7 7 554.7202 FORM OF WAREHOUSE RECEIPT == ~~ESSENTIAL TERMS~~ ==  
7 8 ~~OPTIONAL TERMS EFFECT OF OMISSION.~~

7 9 1. A warehouse receipt need not be in any particular form.

7 10 2. Unless a warehouse receipt ~~embodies within its written~~  
7 11 ~~or printed terms provides for~~ each of the following, the  
7 12 warehouse operator is liable for damages caused to a person  
7 13 injured by the ~~its omission to a person injured thereby:~~

7 14 a. a statement of the location of the warehouse facility  
7 15 where the goods are stored;

7 16 b. the date of issue of the receipt;

7 17 c. ~~the consecutive number~~ unique identification code of  
7 18 the receipt;

7 19 d. a statement whether the goods received will be  
7 20 delivered to the bearer, to a ~~specified named~~ named person, or to a  
7 21 ~~specified named~~ named person or ~~that person's~~ its order;

7 22 e. the rate of storage and handling charges, ~~except that~~  
7 23 ~~where unless~~ goods are stored under a field warehousing  
7 24 arrangement, in which case a statement of that fact is  
7 25 sufficient on a nonnegotiable receipt;

7 26 f. a description of the goods or ~~of~~ the packages  
7 27 containing them;

7 28 g. the signature of the warehouse operator, ~~which may be~~  
7 29 ~~made by the warehouse operator's authorized or its~~ agent;

7 30 h. if the receipt is issued for goods ~~of which that the~~  
7 31 ~~warehouse operator is owner~~ owns, either solely, or jointly,  
7 32 or in common with others, a statement of the fact of such that  
7 33 ownership; and

7 34 i. a statement of the amount of advances made and of  
7 35 liabilities incurred for which the warehouse operator claims a  
8 1 lien or security interest, ~~(section 554.7209).~~ if unless the  
8 2 precise amount of such advances made or of such liabilities  
8 3 incurred is, at the time of the issue of the receipt, is  
8 4 unknown to the warehouse operator or to the warehouse  
8 5 operator's its agent who issues it that issued the receipt, in  
8 6 which case a statement of the fact that advances have been  
8 7 made or liabilities incurred and the purpose thereof of the  
8 8 advances or liabilities is sufficient.

8 9 3. A warehouse operator may insert in the its receipt any  
8 10 ~~other terms which that~~ are not contrary to the ~~provisions of~~  
8 11 this chapter and do not impair the ~~warehouse operator's its~~  
8 12 obligation of delivery ~~(section 554.7403) under section~~  
8 13 554.7403 or its duty of care (section 554.7204) under section  
8 14 554.7204. Any contrary provisions shall be provision is  
8 15 ineffective.

8 16 Sec. 9. Section 554.7203, Code 2007, is amended to read as  
8 17 follows:

8 18 554.7203 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION.

8 19 A party to or purchaser for value in good faith of a  
8 20 document of title, other than a bill of lading ~~relying in~~  
8 21 ~~either case, that relies upon the description therein of the~~  
8 22 goods in the document may recover from the issuer damages  
8 23 caused by the nonreceipt or misdescription of the goods,  
8 24 except to the extent that:

8 25 1. the document conspicuously indicates that the issuer  
8 26 does not know whether ~~any all or part or all~~ of the goods in  
8 27 fact were received or conform to the description, ~~as where~~  
8 28 such as the case in which the description is in terms of marks  
8 29 or labels or kind, quantity, or condition, or the receipt or  
8 30 description is qualified by "contents, condition, and quality  
8 31 unknown", "said to contain", or the like, words of similar  
8 32 import, if such the indication be is true, or

8 33 2. the party or purchaser otherwise has notice of the  
8 34 nonreceipt or misdescription.

8 35 Sec. 10. Section 554.7204, Code 2007, is amended to read  
9 1 as follows:

9 2 554.7204 DUTY OF CARE == CONTRACTUAL LIMITATION OF  
9 3 ~~WAREHOUSE OPERATOR'S~~ WAREHOUSE'S LIABILITY.

9 4 1. A warehouse operator is liable for damages for loss of  
9 5 or injury to the goods caused by ~~the warehouse operator's its~~  
9 6 failure to exercise such care in with regard to them as the  
9 7 goods that a reasonably careful person would exercise under  
9 8 like similar circumstances but unless. Unless otherwise  
9 9 agreed, the warehouse operator is not liable for damages which  
9 10 that could not have been avoided by the exercise of such that  
9 11 care.

9 12 2. Damages may be limited by a term in the warehouse  
9 13 receipt or storage agreement limiting the amount of liability  
9 14 in case of loss or damage, ~~and setting forth a specific~~  
9 15 liability per article or item, or value per unit of weight,

9 16 beyond which the warehouse operator shall ~~is not be liable~~  
9 17 ~~provided, however, that such liability may on written. Such a~~  
9 18 ~~limitation is not effective with respect to the warehouse's~~  
9 19 ~~liability for conversion to its own use. On request of the~~  
9 20 ~~bailor in a record at the time of signing such the storage~~  
9 21 ~~agreement or within a reasonable time after receipt of the~~  
9 22 ~~warehouse receipt, the warehouse's liability may be increased~~  
9 23 ~~on part or all of the goods thereunder, in which covered by~~  
9 24 ~~the storage agreement or the warehouse receipt. In this~~  
9 25 ~~event, increased rates may be charged based on such an~~  
9 26 ~~increased valuation, but that no such increase shall be~~  
9 27 ~~permitted contrary to a lawful limitation of liability~~  
9 28 ~~contained in the warehouse operator's tariff, if any of the~~  
9 29 ~~goods. No such limitation is effective with respect to the~~  
9 30 ~~warehouse operator's liability for conversion to the warehouse~~  
9 31 ~~operator's own use.~~

9 32 3. Reasonable provisions as to the time and manner of  
9 33 presenting claims and instituting commencing actions based on  
9 34 the bailment may be included in the warehouse receipt or  
9 35 tariff storage agreement.

10 1 4. This section does not modify or repeal any provision  
10 2 under chapter 203, 203C, or 203D.

10 3 Sec. 11. Section 554.7205, Code 2007, is amended to read  
10 4 as follows:  
10 5 554.7205 TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN CERTAIN  
10 6 CASES.

10 7 A buyer in the ordinary course of business of fungible  
10 8 goods sold and delivered by a warehouse operator ~~who that~~ is  
10 9 also in the business of buying and selling such goods takes  
10 10 the goods free of any claim under a warehouse receipt even  
10 11 though it if the receipt is negotiable and has been duly  
10 12 negotiated.

10 13 Sec. 12. Section 554.7206, Code 2007, is amended to read  
10 14 as follows:

10 15 554.7206 TERMINATION OF STORAGE AT ~~WAREHOUSE OPERATOR'S~~  
10 16 WAREHOUSE'S OPTION.

10 17 1. A warehouse operator ~~may on notifying, by giving notice~~  
10 18 ~~to the person on whose account the goods are held and any~~  
10 19 ~~other person known to claim an interest in the goods, may~~  
10 20 ~~require payment of any charges and removal of the goods from~~  
10 21 ~~the warehouse at the termination of the period of storage~~  
10 22 ~~fixed by the document, of title or, if no a period is not~~  
10 23 ~~fixed, within a stated period not less than thirty days after~~  
10 24 ~~the notification warehouse gives notice. If the goods are not~~  
10 25 ~~removed before the date specified in the notification notice,~~  
10 26 ~~the warehouse operator may sell them in accordance with the~~  
10 27 ~~provisions of the pursuant to section on enforcement of a~~  
10 28 ~~warehouse operator's lien (section 554.7210) 554.7210.~~

10 29 2. If a warehouse operator in good faith believes that the  
10 30 goods are about to deteriorate or decline in value to less  
10 31 than the amount of the warehouse operator's its lien within  
10 32 the time prescribed provided in subsection 1 for notification,  
10 33 advertisement and sale and section 554.7210, the warehouse  
10 34 operator may specify in the notification notice given under  
10 35 subsection 1 any reasonable shorter time for removal of the  
11 1 goods and in case, if the goods are not removed, may sell them  
11 2 at public sale held not less than one week after a single  
11 3 advertisement or posting.

11 4 3. If, as a result of a quality or condition of the goods  
11 5 of which the warehouse operator ~~had no did not have~~ notice at  
11 6 the time of deposit, the goods are a hazard to other property,  
11 7 or to the warehouse facilities, or to other persons, the  
11 8 warehouse operator may sell the goods at public or private  
11 9 sale without advertisement or posting on reasonable  
11 10 notification to all persons known to claim an interest in the  
11 11 goods. If the warehouse, operator after a reasonable effort,  
11 12 is unable to sell the goods the warehouse operator, it may  
11 13 dispose of them in any lawful manner and shall does not incur  
11 14 no liability by reason of such that disposition.

11 15 4. ~~The A~~ warehouse operator must shall deliver the goods  
11 16 to any person entitled to them under this Article upon due  
11 17 demand made at any time prior to before sale or other  
11 18 disposition under this section.

11 19 5. ~~The A~~ warehouse operator may satisfy the warehouse  
11 20 operator's its lien from the proceeds of any sale or  
11 21 disposition under this section but must shall hold the balance  
11 22 for delivery on the demand of any person to whom which the  
11 23 warehouse operator would have been bound to deliver the goods.

11 24 Sec. 13. Section 554.7207, Code 2007, is amended to read  
11 25 as follows:

11 26 554.7207 GOODS MUST BE KEPT SEPARATE == FUNGIBLE GOODS.

11 27 1. Unless the warehouse receipt ~~otherwise~~ provides  
11 28 ~~otherwise~~, a warehouse operator ~~must~~ shall keep separate the  
11 29 goods covered by each receipt so as to permit at all times  
11 30 identification and delivery of those goods ~~except that~~.  
11 31 ~~However~~, different lots of fungible goods may be commingled.

11 32 2. ~~Fungible~~ If different lots of fungible goods ~~so are~~  
11 33 commingled, the goods are owned in common by the persons  
11 34 entitled thereto and the warehouse operator is severally  
11 35 liable to each owner for that owner's share. ~~Where~~ If,  
12 1 because of overissue, a mass of fungible goods is insufficient  
12 2 to meet all the receipts ~~which~~ the warehouse operator has  
12 3 issued against it, the persons entitled include all holders to  
12 4 ~~whom~~ ~~which~~ overissued receipts have been duly negotiated.

12 5 Sec. 14. Section 554.7208, Code 2007, is amended to read  
12 6 as follows:

12 7 554.7208 ALTERED WAREHOUSE RECEIPTS.

12 8 ~~Where~~ If a blank in a negotiable tangible warehouse receipt  
12 9 has been filled in without authority, a good-faith purchaser  
12 10 for value and without notice of the ~~want~~ lack of authority may  
12 11 treat the insertion as authorized. Any other unauthorized  
12 12 alteration leaves any tangible or electronic warehouse receipt  
12 13 enforceable against the issuer according to its original  
12 14 tenor.

12 15 Sec. 15. Section 554.7209, Code 2007, is amended to read  
12 16 as follows:

12 17 554.7209 LIEN OF WAREHOUSE OPERATOR.

12 18 1. A warehouse operator has a lien against the bailor on  
12 19 the goods covered by a warehouse receipt or storage agreement  
12 20 or on the proceeds thereof in ~~the warehouse operator's~~ its  
12 21 possession for charges for storage or transportation  
12 22 ~~(including, including demurrage and terminal charges)~~ charges,  
12 23 insurance, labor, or other charges, present or future, in  
12 24 relation to the goods, and for expenses necessary for  
12 25 preservation of the goods or reasonably incurred in their sale  
12 26 pursuant to law. If the person on whose account the goods are  
12 27 held is liable for ~~like~~ similar charges or expenses in  
12 28 relation to other goods whenever deposited and it is stated in  
12 29 the warehouse receipt or storage agreement that a lien is  
12 30 claimed for charges and expenses in relation to other goods,  
12 31 the warehouse operator also has a lien against ~~that person~~ the  
12 32 goods covered in the warehouse receipt or storage agreement or

12 33 on the proceeds thereof in its possession for such those  
12 34 charges and expenses, whether or not the other goods have been  
12 35 delivered by the warehouse operator. ~~But~~ ~~However~~, as against  
13 1 a person to ~~whom~~ ~~which~~ a negotiable warehouse receipt is duly  
13 2 negotiated, a ~~warehouse operator's~~ warehouse's lien is limited  
13 3 to charges in an amount or at a rate specified ~~on~~ in the  
13 4 warehouse receipt or, if no charges are so specified, ~~then~~ to  
13 5 a reasonable charge for storage of the specific goods covered  
13 6 by the receipt subsequent to the date of the receipt.

13 7 2. ~~The~~ A warehouse operator may also reserve a security  
13 8 interest against the bailor for ~~a~~ the maximum amount specified  
13 9 on the receipt for charges other than those specified in  
13 10 subsection 1, such as for money advanced and interest. ~~Such a~~  
13 11 The security interest is governed by ~~the~~ Article on Secured  
13 12 Transactions (Article 9) 2.

13 13 3. ~~a.~~ A ~~warehouse operator's~~ warehouse's lien for charges  
13 14 and expenses under subsection 1 or a security interest under  
13 15 subsection 2 is also effective against any person ~~who~~ that so  
13 16 entrusted the bailor with possession of the goods that a  
13 17 pledge of them by the bailor to a good faith good-faith  
13 18 purchaser for value would have been valid ~~but~~. ~~However~~, the  
13 19 lien or security interest is not effective against a person ~~as~~  
13 20 ~~to whom the~~ that before issuance of a document ~~confers no~~  
13 21 right of title had a legal interest or perfected security  
13 22 interest in the goods covered by it under section 554.7503.  
13 23 and that did not:

13 24 a. deliver or entrust the goods or any document of title  
13 25 covering the goods to the bailor or the bailor's nominee with:

13 26 (1) actual or apparent authority to ship, store, or sell;

13 27 (2) power to obtain delivery under section 554.7403; or

13 28 (3) power of disposition under sections 554.2403,

13 29 554.13304, subsection 2, 554.13305, subsection 2, 554.9320, or

13 30 554.9321, subsection 3, or other statute or rule of law; or

13 31 b. acquiesce in the procurement by the bailor or its

13 32 nominee of any document.

13 33 b. 4. A ~~warehouse operator's~~ warehouse's lien on  
13 34 household goods for charges and expenses in relation to the  
13 35 goods under subsection 1 is also effective against all persons  
14 1 if the depositor was the legal possessor of the goods at the  
14 2 time of deposit. ~~Household~~ In this subsection, "household

14 3 goods" means furniture, furnishings ~~and, or~~ personal effects  
14 4 used by the depositor in a dwelling.

14 5 ~~4. 5. A warehouse operator loses the warehouse operator's~~  
14 6 ~~its lien on any goods which the warehouse operator that it~~  
14 7 ~~voluntarily delivers or unjustifiably refuses to deliver.~~

14 8 Sec. 16. Section 554.7210, Code 2007, is amended to read  
14 9 as follows:

14 10 554.7210 ENFORCEMENT OF ~~WAREHOUSE OPERATOR'S~~ WAREHOUSE'S  
14 11 LIEN.

14 12 1. Except as otherwise provided in subsection 2, a  
14 13 ~~warehouse operator's warehouse's~~ lien may be enforced by  
14 14 public or private sale of the goods, in block bulk or in  
14 15 parcels packages, at any time or place and on any terms ~~which~~  
14 16 ~~that~~ are commercially reasonable, after notifying all persons  
14 17 known to claim an interest in the goods. ~~Such The~~  
14 18 notification must include a statement of the amount due, the  
14 19 nature of the proposed sale, and the time and place of any  
14 20 public sale. The fact that a better price could have been  
14 21 obtained by a sale at a different time or in a ~~different~~  
14 22 method different from that selected by the warehouse operator  
14 23 is not of itself sufficient to establish that the sale was not  
14 24 made in a commercially reasonable manner. ~~If the The~~  
14 25 ~~warehouse operator either~~ sells in a commercially reasonable  
14 26 ~~manner if the warehouse sells the goods in the usual manner in~~  
14 27 ~~any recognized market therefor, or if the warehouse operator~~  
14 28 ~~sells at the price current in such that market at the time of~~  
14 29 ~~the warehouse operator's sale, or if the warehouse operator~~  
14 30 ~~has otherwise sold sells in conformity with commercially~~  
14 31 ~~reasonable practices among dealers in the type of goods sold,~~  
14 32 ~~the warehouse operator has sold in a commercially reasonable~~  
14 33 ~~manner. A sale of more goods than apparently necessary to be~~  
14 34 ~~offered to insure ensure~~ satisfaction of the obligation is not  
14 35 commercially reasonable, except in cases covered by the  
15 1 preceding sentence.

15 2 2. A warehouse operator's may enforce its lien on goods,  
15 3 other than goods stored by a merchant in the course of the  
15 4 ~~merchant's its~~ business may be enforced only as follows, only  
15 5 if the following requirements are satisfied:

15 6 a. All persons known to claim an interest in the goods  
15 7 must be notified.

15 8 ~~b. The notification must be delivered in person or sent by~~  
15 9 ~~registered or certified letter to the last known address of~~  
15 10 ~~any person to be notified.~~

15 11 ~~c. b.~~ The notification must include an itemized statement  
15 12 of the claim, a description of the goods subject to the lien,  
15 13 a demand for payment within a specified time not less than ten  
15 14 days after receipt of the notification, and a conspicuous  
15 15 statement that unless the claim is paid within that time the  
15 16 goods will be advertised for sale and sold by auction at a  
15 17 specified time and place.

15 18 ~~d. c.~~ The sale must conform to the terms of the  
15 19 notification.

15 20 ~~e. d.~~ The sale must be held at the nearest suitable place  
15 21 to ~~that~~ where the goods are held or stored.

15 22 ~~f. e.~~ After the expiration of the time given in the  
15 23 notification, an advertisement of the sale must be published  
15 24 once a week for two weeks consecutively in a newspaper of  
15 25 general circulation where the sale is to be held. The  
15 26 advertisement must include a description of the goods, the  
15 27 name of the person on whose account ~~they the goods~~ are being  
15 28 held, and the time and place of the sale. The sale must take  
15 29 place at least fifteen days after the first publication. If  
15 30 there is no newspaper of general circulation where the sale is  
15 31 to be held, the advertisement must be posted at least ten days  
15 32 before the sale in not ~~less fewer~~ than six conspicuous places  
15 33 in the neighborhood of the proposed sale.

15 34 3. Before any sale pursuant to this section, any person  
15 35 claiming a right in the goods may pay the amount necessary to  
16 1 satisfy the lien and the reasonable expenses incurred under in  
16 2 complying with this section. In that event, the goods ~~must~~

16 3 may not be sold, but must be retained by the warehouse  
16 4 operator subject to the terms of the receipt and this Article.

16 5 4. ~~The A~~ warehouse operator may buy at any public sale  
16 6 held pursuant to this section.

16 7 5. A purchaser in good faith of goods sold to enforce a  
16 8 ~~warehouse operator's warehouse's~~ lien takes the goods free of  
16 9 any rights of persons against ~~whom which~~ the lien was valid,  
16 10 despite the warehouse's noncompliance by the warehouse  
16 11 ~~operator with the requirements of with~~ this section.

16 12 6. ~~The A~~ warehouse operator may satisfy ~~the warehouse~~  
16 13 ~~operator's its~~ lien from the proceeds of any sale pursuant to

16 14 this section but ~~must~~ shall hold the balance, if any, for  
16 15 delivery on demand to any person to ~~whom~~ which the warehouse  
16 16 operator would have been bound to deliver the goods.

16 17 7. The rights provided by this section ~~shall be~~ are in  
16 18 addition to all other rights allowed by law to a creditor  
16 19 against ~~the creditor's~~ a debtor.

16 20 8. ~~Where~~ If a lien is on goods stored by a merchant in the  
16 21 course of ~~the merchant's~~ its business, the lien may be  
16 22 enforced in accordance with ~~either~~ subsection 1 or 2.

16 23 9. ~~The~~ A warehouse operator is liable for damages caused  
16 24 by failure to comply with the requirements for sale under this  
16 25 section and, in case of willful violation, is liable for  
16 26 conversion.

16 27 Sec. 17. Section 554.7301, Code 2007, is amended to read  
16 28 as follows:

16 29 554.7301 LIABILITY FOR NONRECEIPT OR MISDESCRIPTION ==  
16 30 "SAID TO CONTAIN" == "SHIPPER'S WEIGHT, LOAD, AND COUNT" ==  
16 31 IMPROPER HANDLING.

16 32 1. A consignee of a nonnegotiable bill ~~who~~ of lading which  
16 33 has given value in good faith, or a holder to ~~whom~~ which a  
16 34 negotiable bill has been duly negotiated, ~~relying in either~~  
16 35 ~~case~~ upon the description ~~therein~~ of the goods, in the bill or  
17 1 upon the date ~~therein~~ shown in the bill, may recover from the  
17 2 issuer damages caused by the misdating of the bill or the  
17 3 nonreceipt or misdescription of the goods, except to the  
17 4 extent that the ~~document~~ bill indicates that the issuer does  
17 5 not know whether any part or all of the goods in fact were  
17 6 received or conform to the description, ~~as where~~ such as in a  
17 7 case in which the description is in terms of marks or labels  
17 8 or kind, quantity, or condition or the receipt or description  
17 9 is qualified by "contents or condition of contents of packages  
17 10 unknown", "said to contain", "shipper's weight, load, and  
17 11 count", or the like words of similar import, if such that  
17 12 indication ~~be~~ is true.

17 13 2. ~~When~~ If goods are loaded by ~~an~~ the issuer ~~who is a~~  
17 14 ~~common carrier, the~~ of a bill of lading;

17 15 a. the issuer must shall count the packages of goods if  
17 16 package freight shipped in packages and ascertain the kind and  
17 17 quantity if shipped in bulk freight. ~~In such cases; and~~

17 18 b. words such as "shipper's weight, load, and count", or  
17 19 other words of similar import indicating that the description  
17 20 was made by the shipper are ineffective except as to freight  
17 21 goods concealed by in packages.

17 22 3. ~~When~~ If bulk freight is goods are loaded by a shipper  
17 23 ~~who that~~ makes available to the issuer of a bill of lading  
17 24 adequate facilities for weighing ~~such freight~~ those goods, ~~an~~  
17 25 the issuer who is a common carrier must shall ascertain the  
17 26 kind and quantity within a reasonable time after receiving the  
17 27 written shipper's request of the shipper in a record to do so.  
17 28 In ~~such cases that case~~, "shipper's weight" or ~~other~~ words of  
17 29 like purport similar import are ineffective.

17 30 4. The issuer ~~may~~ of a bill of lading, by inserting  
17 31 including in the bill the words "shipper's weight, load, and  
17 32 count", or other words of like purport similar import, may  
17 33 indicate that the goods were loaded by the shipper, and, if  
17 34 such that statement be is true, the issuer ~~shall~~ is not be  
17 35 liable for damages caused by the improper loading. ~~But their~~  
18 1 However, omission of such words does not imply liability for  
18 2 such damages caused by improper loading.

18 3 5. ~~The~~ A shipper ~~shall be deemed to have guaranteed~~  
18 4 guarantees to ~~the~~ an issuer the accuracy at the time of  
18 5 shipment of the description, marks, labels, number, kind,  
18 6 quantity, condition, and weight, as furnished by the shipper, and  
18 7 and the shipper shall indemnify the issuer against damage  
18 8 caused by inaccuracies in such those particulars. ~~The~~ This  
18 9 right of ~~the issuer to such~~ indemnity ~~shall in no way does not~~  
18 10 limit the issuer's responsibility and or liability under the  
18 11 contract of carriage to any person other than the shipper.

18 12 Sec. 18. Section 554.7302, Code 2007, is amended to read  
18 13 as follows:

18 14 554.7302 THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS OF  
18 15 TITLE.

18 16 1. The issuer of a through bill of lading, or other  
18 17 document of title embodying an undertaking to be performed in  
18 18 part by ~~persons~~ a person acting as its ~~agents~~ agent or by  
18 19 connecting carriers a performing carrier, is liable to anyone  
18 20 any person entitled to recover on the bill or other document  
18 21 for any breach by ~~such the other persons~~ person or ~~by a~~  
18 22 connecting the performing carrier of its obligation under the  
18 23 bill or other document ~~but~~. However, to the extent that the  
18 24 bill or other document covers an undertaking to be performed



18 25 overseas or in territory not contiguous to the continental  
18 26 United States or an undertaking including matters other than  
18 27 transportation, this liability for breach by the other person  
18 28 or the performing carrier may be varied by agreement of the

18 29 parties.  
18 30 2. ~~Where~~ If goods covered by a through bill of lading or  
18 31 other document of title embodying an undertaking to be  
18 32 performed in part by ~~persons~~ a person other than the issuer  
18 33 are received by ~~any such that person, that the person is~~  
18 34 subject, with respect to ~~that person's~~ its own performance  
18 35 while the goods are in ~~that person's~~ its possession, to the  
19 1 obligation of the issuer. ~~That~~ The person's obligation is  
19 2 discharged by delivery of the goods to another ~~such person~~  
19 3 pursuant to the bill or other document, and does not include  
19 4 liability for breach by any other ~~such persons~~ person or by  
19 5 the issuer.

19 6 3. The issuer of ~~such a~~ through bill of lading or other  
19 7 document ~~shall be of title described in subsection 1 is~~  
19 8 entitled to recover from the ~~connecting~~ performing carrier, or  
19 9 ~~such other person in possession of the goods when the breach~~  
19 10 of the obligation under the bill or other document occurred,  
19 11 the:

19 12 a. the amount it may be required to pay to anyone any  
19 13 person entitled to recover on the bill or other document  
19 14 therefor for the breach, as may be evidenced by any receipt,  
19 15 judgment, or transcript ~~thereof, of judgment;~~ and  
19 16 b. the amount of any expense reasonably incurred by it the  
19 17 issuer in defending any action brought commenced by anyone any  
19 18 person entitled to recover on the bill or other document  
19 19 therefor for the breach.

19 20 Sec. 19. Section 554.7303, Code 2007, is amended to read  
19 21 as follows:

19 22 554.7303 DIVERSION == RECONSIGNMENT == CHANGE OF  
19 23 INSTRUCTIONS.

19 24 1. Unless the bill of lading otherwise provides, ~~the a~~  
19 25 carrier may deliver the goods to a person or destination other  
19 26 than that stated in the bill or may otherwise dispose of the  
19 27 goods, without liability for misdelivery, on instructions  
19 28 from:

19 29 a. the holder of a negotiable bill; ~~or~~  
19 30 b. the consignor on a nonnegotiable bill notwithstanding,  
19 31 even if the consignee has given contrary instructions ~~from the~~  
19 32 ~~consignee; or~~

19 33 c. the consignee on a nonnegotiable bill in the absence of  
19 34 contrary instructions from the consignor, if the goods have  
19 35 arrived at the billed destination or if the consignee is in  
20 1 possession of the tangible bill or in control of the  
20 2 electronic bill; or

20 3 d. the consignee on a nonnegotiable bill if the consignee  
20 4 is entitled as against the consignor to dispose of ~~them the~~  
20 5 goods.

20 6 2. Unless ~~such~~ instructions described in subsection 1 are  
20 7 noted on included in a negotiable bill of lading, a person to  
20 8 whom which the bill is duly negotiated ~~can may~~ hold the bailee  
20 9 according to the original terms.

20 10 Sec. 20. Section 554.7304, Code 2007, is amended to read  
20 11 as follows:

20 12 554.7304 TANGIBLE BILLS OF LADING IN A SET.

20 13 1. Except ~~where as~~ customary in overseas international  
20 14 transportation, a tangible bill of lading must may not be  
20 15 issued in a set of parts. The issuer is liable for damages  
20 16 caused by violation of this subsection.

20 17 2. ~~Where If~~ a tangible bill of lading is lawfully drawn  
20 18 issued in a set of parts, each of which is numbered contains  
20 19 an identification code and is expressed to be valid only if  
20 20 the goods have not been delivered against any other part, the  
20 21 whole of the parts ~~constitute~~ constitutes one bill.

20 22 3. ~~Where If~~ a tangible negotiable bill of lading is  
20 23 lawfully issued in a set of parts and different parts are  
20 24 negotiated to different persons, the title of the holder to  
20 25 whom which the first due negotiation is made prevails as to  
20 26 both the document of title and the goods even ~~though if~~ any  
20 27 later holder may have received the goods from the carrier in  
20 28 good faith and discharged the carrier's obligation by  
20 29 ~~surrender of the later holder's~~ surrendering its part.

20 30 4. ~~Any~~ A person who that negotiates or transfers a single  
20 31 part of a tangible bill of lading drawn issued in a set is  
20 32 liable to holders of that part as if it were the whole set.

20 33 5. The bailee ~~is obliged to~~ shall deliver in accordance  
20 34 with Part 4 of this Article against the first presented part  
20 35 of a tangible bill of lading lawfully drawn issued in a set.

21 1 ~~Such delivery~~ Delivery in this manner discharges the bailee's  
21 2 obligation on the whole bill.

21 3 Sec. 21. Section 554.7305, Code 2007, is amended to read  
21 4 as follows:

21 5 554.7305 DESTINATION BILLS.

21 6 1. Instead of issuing a bill of lading to the consignor at  
21 7 the place of shipment, a carrier, ~~may~~ at the request of the  
21 8 consignor, ~~may~~ procure the bill to be issued at destination or  
21 9 at any other place designated in the request.

21 10 2. Upon request of ~~anyone~~ any person entitled as against  
21 11 ~~the~~ a carrier to control the goods while in transit and on  
21 12 surrender of possession or control of any outstanding bill of  
21 13 lading or other receipt covering ~~such the~~ goods, the issuer,  
21 14 ~~subject to section 554.7105,~~ may procure a substitute bill to

21 15 be issued at any place designated in the request.

21 16 Sec. 22. Section 554.7307, Code 2007, is amended to read  
21 17 as follows:

21 18 554.7307 LIEN OF CARRIER.

21 19 1. A carrier has a lien on the goods covered by a bill of  
21 20 lading ~~or on the proceeds thereof in its possession for~~  
21 21 charges ~~subsequent to after~~ the date of ~~its the~~ carrier's  
21 22 receipt of the goods for storage or transportation ~~(including,~~  
21 23 ~~including~~ demurrage and terminal ~~charges)~~ charges, and for  
21 24 expenses necessary for preservation of the goods incident to  
21 25 their transportation or reasonably incurred in their sale  
21 26 pursuant to law. ~~But~~ However, against a purchaser for value  
21 27 of a negotiable bill of lading, a carrier's lien is limited to  
21 28 charges stated in the bill or the applicable tariffs, or, if  
21 29 no charges are stated, ~~then to~~ a reasonable charge.

21 30 2. A lien for charges and expenses under subsection 1 on  
21 31 goods ~~which that~~ the carrier was required by law to receive  
21 32 for transportation is effective against the consignor or any  
21 33 person entitled to the goods unless the carrier had notice  
21 34 that the consignor lacked authority to subject the goods to  
21 35 ~~such those~~ charges and expenses. Any other lien under  
22 1 subsection 1 is effective against the consignor and any person  
22 2 ~~who that~~ permitted the bailor to have control or possession of  
22 3 the goods unless the carrier had notice that the bailor lacked  
22 4 ~~such~~ authority.

22 5 3. A carrier loses ~~the carrier's its~~ lien on any goods  
22 6 ~~which the carrier that it~~ voluntarily delivers or ~~which the~~  
22 7 ~~carrier~~ unjustifiably refuses to deliver.

22 8 Sec. 23. Section 554.7308, Code 2007, is amended to read  
22 9 as follows:

22 10 554.7308 ENFORCEMENT OF CARRIER'S LIEN.

22 11 1. A carrier's lien on goods may be enforced by public or  
22 12 private sale of the goods, in ~~blo~~ bulk or in ~~parcels~~  
22 13 packages, at any time or place and on any terms ~~which that~~ are  
22 14 commercially reasonable, after notifying all persons known to  
22 15 claim an interest in the goods. ~~Such The~~ notification must  
22 16 include a statement of the amount due, the nature of the  
22 17 proposed sale, and the time and place of any public sale. The  
22 18 fact that a better price could have been obtained by a sale at  
22 19 a different time or in a ~~different~~ method different from that  
22 20 selected by the carrier is not of itself sufficient to  
22 21 establish that the sale was not made in a commercially  
22 22 reasonable manner. ~~If The~~ carrier sells goods in a

22 23 commercially reasonable manner if the carrier ~~either~~ sells the  
22 24 goods in the usual manner in any recognized market therefor,  
22 25 ~~or if the carrier~~ sells at the price current in ~~such that~~  
22 26 market at the time of the ~~carrier's~~ sale, or ~~if the carrier~~  
22 27 ~~has~~ otherwise ~~sold~~ sells in conformity with commercially  
22 28 reasonable practices among dealers in the type of goods sold  
22 29 ~~the carrier has sold in a commercially reasonable manner.~~ A  
22 30 sale of more goods than apparently necessary to be offered to  
22 31 ensure satisfaction of the obligation is not commercially  
22 32 reasonable, except in cases covered by the preceding sentence.

22 33 2. Before any sale pursuant to this section, any person  
22 34 claiming a right in the goods may pay the amount necessary to  
22 35 satisfy the lien and the reasonable expenses incurred ~~under in~~  
23 1 complying with this section. In that event, the goods ~~must~~

23 2 ~~may~~ not be sold, but must be retained by the carrier, subject  
23 3 to the terms of the bill of lading and this Article.

23 4 3. ~~The~~ A carrier may buy at any public sale pursuant to  
23 5 this section.

23 6 4. A purchaser in good faith of goods sold to enforce a  
23 7 carrier's lien takes the goods free of any rights of persons  
23 8 against ~~whom which~~ the lien was valid, despite ~~the carrier's~~  
23 9 noncompliance ~~by the carrier with the requirements of with~~  
23 10 this section.

23 11 5. ~~The~~ A carrier may satisfy ~~the carrier's its~~ lien from

23 12 the proceeds of any sale pursuant to this section but ~~must~~  
23 13 shall hold the balance, if any, for delivery on demand to any  
23 14 person to ~~whom~~ which the carrier would have been bound to  
23 15 deliver the goods.

23 16 6. The rights provided by this section ~~shall be~~ are in  
23 17 addition to all other rights allowed by law to a creditor  
23 18 against ~~the creditor's~~ a debtor.

23 19 7. A carrier's lien may be enforced ~~in accordance with~~  
23 20 pursuant to either subsection 1 or the procedure set forth in  
23 21 ~~subsection 2 of~~ section 554.7210, subsection 2.

23 22 8. ~~The~~ A carrier is liable for damages caused by failure  
23 23 to comply with the requirements for sale under this section  
23 24 and, in case of willful violation, is liable for conversion.

23 25 Sec. 24. Section 554.7309, Code 2007, is amended to read  
23 26 as follows:

23 27 554.7309 DUTY OF CARE == CONTRACTUAL LIMITATION OF  
23 28 CARRIER'S LIABILITY.

23 29 1. A carrier ~~who~~ that issues a bill of lading, whether  
23 30 negotiable or nonnegotiable ~~must~~, shall exercise the degree of  
23 31 care in relation to the goods which a reasonably careful  
23 32 person would exercise under ~~like~~ similar circumstances. This  
23 33 subsection does not ~~repeal or change~~ affect any law or  
23 34 statute, regulation, or rule of law ~~which that~~ imposes  
23 35 liability upon a common carrier for damages not caused by its  
24 1 negligence.

24 2 2. Damages may be limited by a provision term in the bill  
24 3 of lading or in a transportation agreement that the carrier's  
24 4 liability ~~shall~~ may not exceed a value stated in the document  
24 5 bill or transportation agreement if the carrier's rates are  
24 6 dependent upon value and the consignor ~~by the carrier's tariff~~  
24 7 is afforded an opportunity to declare a higher value ~~or a~~  
24 8 ~~value as lawfully provided in the tariff, or where no tariff~~  
24 9 ~~is filed and the consignor is otherwise advised of such the~~  
24 10 opportunity; ~~but no~~. However, such a limitation is not  
24 11 effective with respect to the carrier's liability for  
24 12 conversion to its own use.

24 13 3. Reasonable provisions as to the time and manner of  
24 14 presenting claims and ~~instituting~~ commencing actions based on  
24 15 the shipment may be included in a bill of lading or ~~tariff a~~  
24 16 transportation agreement.

24 17 Sec. 25. Section 554.7401, Code 2007, is amended to read  
24 18 as follows:

24 19 554.7401 IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR  
24 20 CONDUCT OF ISSUER.

24 21 The obligations imposed by this Article on an issuer apply  
24 22 to a document of title ~~regardless of the fact that even if:~~

24 23 1. the document ~~may~~ does not comply with the requirements  
24 24 of this Article or of any other law statute, rule, or  
24 25 regulation regarding its ~~issue~~ issuance, form, or content; ~~or~~

24 26 2. the issuer ~~may have~~ violated laws regulating the  
24 27 conduct of ~~the issuer's~~ its business; ~~or~~

24 28 3. the goods covered by the document were owned by the  
24 29 bailee ~~at the time when~~ the document was issued; or

24 30 4. the person issuing the document ~~does not come within~~  
24 31 ~~the definition of~~ is not a warehouse operator if it ~~but the~~  
24 32 document purports to be a warehouse receipt.

24 33 Sec. 26. Section 554.7402, Code 2007, is amended to read  
24 34 as follows:

24 35 554.7402 ~~DUPLICATE RECEIPT OR BILL~~ DOCUMENT OF TITLE ==  
25 1 OVERISSUE.

25 2 ~~Neither a~~ A duplicate ~~nor or~~ any other document of title  
25 3 purporting to cover goods already represented by an  
25 4 outstanding document of the same issuer ~~confers~~ does not  
25 5 confer any right in the goods, except as provided in the case  
25 6 of tangible bills of lading in a set of parts, overissue of  
25 7 documents for fungible goods, and substitutes for lost,  
25 8 stolen, or destroyed documents, or substitute documents issued  
25 9 pursuant to section 554.7105. ~~But the~~ The issuer is liable

25 10 for damages caused by ~~the issuer's~~ its overissue or failure to  
25 11 identify a duplicate document ~~as such~~ by a conspicuous  
25 12 notation on its face.

25 13 Sec. 27. Section 554.7403, Code 2007, is amended to read  
25 14 as follows:

25 15 554.7403 ~~OBLIGATION OF WAREHOUSE OPERATOR OR CARRIER~~  
25 16 BAILEE TO DELIVER == EXCUSE.

25 17 1. ~~The~~ A bailee ~~must~~ shall deliver the goods to a person  
25 18 entitled under ~~the~~ a document ~~who~~ of title if the person  
25 19 complies with subsections 2 and 3, unless and to the extent  
25 20 that the bailee establishes any of the following:

25 21 a. delivery of the goods to a person whose receipt was  
25 22 rightful as against the claimant;

25 23 b. damage to or delay, loss, or destruction of the goods  
25 24 for which the bailee is not liable, but the burden of  
25 25 establishing negligence in such cases is on the person  
25 26 entitled under the document;  
25 27 c. previous sale or other disposition of the goods in  
25 28 lawful enforcement of a lien or on the warehouse operator's a  
25 29 warehouse's lawful termination of storage;  
25 30 d. the exercise by a seller of the seller's its right to  
25 31 stop delivery pursuant to the provisions of the Article on  
25 32 Sales (section 554.2705) section 554.2705 or by a lessor of  
25 33 its right to stop delivery pursuant to section 554.13526;  
25 34 e. a diversion, reconsignment, or other disposition  
25 35 pursuant to the provisions of this Article (section 554.7303)  
26 1 or tariff regulating such right section 554.7303;  
26 2 f. release, satisfaction or any other fact affording a  
26 3 personal defense against the claimant; or  
26 4 g. any other lawful excuse.  
26 5 2. A person claiming goods covered by a document of title  
26 6 must shall satisfy the bailee's lien where if the bailee so  
26 7 requests or where if the bailee is prohibited by law from  
26 8 delivering the goods until the charges are paid.  
26 9 3. Unless the a person claiming the goods is one a person  
26 10 against whom which the document confers no of title does not  
26 11 confer a right under section 554.7503, subsection 1, that:  
26 12 a. the person must claiming under a document shall  
26 13 surrender possession or control of any outstanding negotiable  
26 14 document covering the goods for cancellation or notation  
26 15 indication of partial deliveries any outstanding negotiable  
26 16 document covering the goods, and the bailee must cancel the  
26 17 document or conspicuously note the partial delivery thereon or  
26 18 be liable to any person to whom the document is duly  
26 19 negotiated.; and  
26 20 b. the bailee shall cancel the document or conspicuously  
26 21 indicate in the document the partial delivery or the bailee is  
26 22 liable to any person to which the document is duly negotiated.  
26 23 4. "Person entitled under the document" means holder in  
26 24 the case of a negotiable document, or the person to whom  
26 25 delivery is to be made by the terms of or pursuant to written  
26 26 instructions under a nonnegotiable document.  
26 27 Sec. 28. Section 554.7404, Code 2007, is amended to read  
26 28 as follows:  
26 29 554.7404 NO LIABILITY FOR GOOD FAITH GOOD=FAITH DELIVERY  
26 30 PURSUANT TO RECEIPT OR BILL DOCUMENT OF TITLE.  
26 31 A bailee who that in good faith including observance of  
26 32 reasonable commercial standards has received goods and  
26 33 delivered or otherwise disposed of them the goods according to  
26 34 the terms of the a document of title or pursuant to this  
26 35 Article is not liable therefor. This rule applies even though  
27 1 for the goods even if:  
27 2 1. the person from whom which the bailee received the  
27 3 goods had no did not have authority to procure the document or  
27 4 to dispose of the goods and even though; or  
27 5 2. the person to whom which the bailee delivered the goods  
27 6 had no did not have authority to receive them the goods.  
27 7 Sec. 29. Section 554.7501, Code 2007, is amended to read  
27 8 as follows:  
27 9 554.7501 FORM OF NEGOTIATION AND REQUIREMENTS OF "DUE  
27 10 NEGOTIATION" DUE NEGOTIATION.  
27 11 1. A The following rules apply to a negotiable tangible  
27 12 document of title running:  
27 13 a. If the document's original terms run to the order of a  
27 14 named person, the document is negotiated by that the named  
27 15 person's endorsement indorsement and delivery. After that the  
27 16 named person's endorsement indorsement in blank or to bearer,  
27 17 any person can may negotiate it the document by delivery  
27 18 alone.  
27 19 2.—a. b. A negotiable document of title is also  
27 20 negotiated by delivery alone when by its If the document's  
27 21 original terms it runs run to bearer, it is negotiated by  
27 22 delivery alone.  
27 23 b. c. When a document running If the document and its  
27 24 original terms run to the order of a named person is delivered  
27 25 to the named person, the effect is the same as if the document  
27 26 had been negotiated.  
27 27 3. d. Negotiation of a negotiable the document of title  
27 28 after it has been endorsed indorsed to a specified named  
27 29 person requires endorsement indorsement by the special  
27 30 endorsee as well as named person and delivery.  
27 31 4. e. A negotiable document of title is "duly negotiated"  
27 32 when "duly negotiated" if it is negotiated in the manner  
27 33 stated in this section subsection to a holder who that

27 34 purchases it in good faith, without notice of any defense  
27 35 against or claim to it on the part of any person, and for  
28 1 value, unless it is established that the negotiation is not in  
28 2 the regular course of business or financing or involves  
28 3 receiving the document in settlement or payment of a ~~money~~  
28 4 monetary obligation.

28 5 2. The following rules apply to a negotiable electronic  
28 6 document of title:

28 7 a. If the document's original terms run to the order of a  
28 8 named person or to bearer, the document is negotiated by  
28 9 delivery of the document to another person. Indorsement by  
28 10 the named person is not required to negotiate the document.

28 11 b. If the document's original terms run to the order of a  
28 12 named person and the named person has control of the document,  
28 13 the effect is the same as if the document had been negotiated.

28 14 c. A document is duly negotiated if it is negotiated in  
28 15 the manner stated in this subsection to a holder that  
28 16 purchases it in good faith, without notice of any defense  
28 17 against or claim to it on the part of any person, and for  
28 18 value, unless it is established that the negotiation is not in  
28 19 the regular course of business or financing or involves taking  
28 20 delivery of the document in settlement or payment of a  
28 21 monetary obligation.

28 22 ~~5- 3. Endorsement~~ Indorsement of a nonnegotiable document  
28 23 ~~of title~~ neither makes it negotiable nor adds to the  
28 24 transferee's rights.

28 25 ~~6- 4.~~ The naming in a negotiable bill of lading of a  
28 26 person to be notified of the arrival of the goods does not  
28 27 limit the negotiability of the bill ~~nor or~~ constitute notice  
28 28 to a purchaser ~~thereof~~ of the bill of any interest of ~~such~~  
28 29 ~~that~~ person in the goods.

28 30 Sec. 30. Section 554.7502, subsection 1, unnumbered  
28 31 paragraph 1, Code 2007, is amended to read as follows:

28 32 Subject to the following section and to the provisions of  
28 33 ~~section sections 554.7205 on fungible goods and 554.7503, a~~  
28 34 holder to ~~whom~~ which a negotiable document of title has been  
28 35 duly negotiated acquires thereby:

29 1 Sec. 31. Section 554.7502, subsection 1, paragraph d, Code  
29 2 2007, is amended to read as follows:

29 3 d. the direct obligation of the issuer to hold or deliver  
29 4 the goods according to the terms of the document free of any  
29 5 defense or claim by the issuer except those arising under the  
29 6 terms of the document or under this Article. ~~In, but in~~ the  
29 7 case of a delivery order, the bailee's obligation accrues only  
29 8 upon the bailee's acceptance of the delivery order and the  
29 9 obligation acquired by the holder is that the issuer and any  
29 10 ~~endorser indorser~~ will procure the acceptance of the bailee.

29 11 Sec. 32. Section 554.7502, subsection 2, Code 2007, is  
29 12 amended to read as follows:

29 13 2. Subject to the following section 554.7503, title and  
29 14 rights ~~so~~ acquired by due negotiation are not defeated by any  
29 15 stoppage of the goods represented by the document of title or  
29 16 by surrender of ~~such the~~ goods by the bailee, and are not  
29 17 impaired even ~~though if:~~

29 18 a. the due negotiation or any prior due negotiation  
29 19 constituted a breach of duty ~~or even though;~~

29 20 b. any person has been deprived of possession of ~~the a~~  
29 21 negotiable tangible document or control of a negotiable

29 22 electronic document by misrepresentation, fraud, accident,  
29 23 mistake, duress, loss, theft, or conversion; ~~or even though~~  
29 24 c. a previous sale or other transfer of the goods or  
29 25 document has been made to a third person.

29 26 Sec. 33. Section 554.7503, Code 2007, is amended to read  
29 27 as follows:

29 28 554.7503 DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN  
29 29 CASES.

29 30 1. A document of title confers no right in goods against a  
29 31 person ~~who that~~ before issuance of the document had a legal  
29 32 interest or a perfected security interest ~~in them and who~~  
29 33 ~~neither in the goods and that did not:~~

29 34 a. delivered deliver or entrusted them entrust the goods  
29 35 or any document of title covering ~~them the goods~~ to the bailor  
30 1 or the bailor's nominee with:

30 2 (1) actual or apparent authority to ship, store, or sell  
30 3 or with;

30 4 (2) power to obtain delivery under ~~this Article (section~~  
30 5 ~~554.7403) section 554.7403;~~ or with

30 6 (3) power of disposition under ~~this chapter (sections~~  
30 7 ~~sections 554.2403 and 554.9320), 554.9320, 554.9321,~~

30 8 ~~subsection 3, 554.13304, subsection 2, or 554.13305,~~

30 9 ~~subsection 2, or other statute or rule of law; nor or~~

30 10 b. ~~acquiesced~~ acquiesce in the procurement by the bailor  
30 11 or ~~the bailor's~~ its nominee of any document ~~of title~~.  
30 12 2. Title to goods based upon an unaccepted delivery order  
30 13 is subject to the rights of ~~anyone~~ any person to whom which a  
30 14 negotiable warehouse receipt or bill of lading covering the  
30 15 goods has been duly negotiated. ~~Such a~~ That title may be  
30 16 defeated under ~~the next~~ section 554.7504 to the same extent as  
30 17 the rights of the issuer or a transferee from the issuer.  
30 18 3. Title to goods based upon a bill of lading issued to a  
30 19 freight forwarder is subject to the rights of ~~anyone~~ any  
30 20 person to whom which a bill issued by the freight forwarder is  
30 21 duly negotiated; ~~but~~, However, delivery by the carrier in  
30 22 accordance with Part 4 ~~of this Article~~ pursuant to its own  
30 23 bill of lading discharges the carrier's obligation to deliver.  
30 24 Sec. 34. Section 554.7504, Code 2007, is amended to read  
30 25 as follows:  
30 26 554.7504 RIGHTS ACQUIRED IN ~~THE~~ ABSENCE OF DUE NEGOTIATION  
30 27 == EFFECT OF DIVERSION == ~~SELLER'S~~ STOPPAGE OF DELIVERY.  
30 28 1. A transferee of a document of title, whether negotiable  
30 29 or nonnegotiable, to ~~whom~~ which the document has been  
30 30 delivered but not duly negotiated, acquires the title and  
30 31 rights ~~which the transferee's~~ that its transferor had or had  
30 32 actual authority to convey.  
30 33 2. In the case of a transfer of a nonnegotiable document  
30 34 of title, until but not after the bailee receives ~~notification~~  
30 35 notice of the transfer, the rights of the transferee may be  
31 1 defeated:  
31 2 a. by those creditors of the transferor who could treat  
31 3 the ~~sale~~ transfer as void under section 554.2402 or 554.13308;  
31 4 ~~or~~  
31 5 b. by a buyer from the transferor in ordinary course of  
31 6 business if the bailee has delivered the goods to the buyer or  
31 7 received notification of the buyer's rights; ~~or~~  
31 8 c. by a lessee from the transferor in ordinary course of  
31 9 business if the bailee has delivered the goods to the lessee  
31 10 or received notification of the lessee's rights; or  
31 11 d. as against the bailee, by good faith ~~good=faith~~  
31 12 dealings of the bailee with the transferor.  
31 13 3. A diversion or other change of shipping instructions by  
31 14 the consignor in a nonnegotiable bill of lading which causes  
31 15 the bailee not to deliver the goods to the consignee defeats  
31 16 the consignee's title to the goods if ~~they~~ the goods have been  
31 17 delivered to a buyer in ordinary course of business or a  
31 18 lessee in ordinary course of business and, in any event,  
31 19 defeats the consignee's rights against the bailee.  
31 20 4. Delivery of the goods pursuant to a nonnegotiable  
31 21 document of title may be stopped by a seller under section  
31 22 554.2705, and or a lessor under section 554.13526, subject to  
31 23 the ~~requirement~~ requirements of due notification ~~there~~  
31 24 provided in those sections. A bailee ~~honoring that~~ honors the  
31 25 seller's or lessor's instructions is entitled to be  
31 26 indemnified by the seller or lessor against any resulting loss  
31 27 or expense.  
31 28 Sec. 35. Section 554.7505, Code 2007, is amended to read  
31 29 as follows:  
31 30 554.7505 ~~ENDORSER~~ INDORSER NOT A GUARANTOR FOR OTHER  
31 31 PARTIES.  
31 32 The ~~endorsement~~ indorsement of a tangible document of title  
31 33 issued by a bailee does not make the ~~endorser~~ indorser liable  
31 34 for any default by the bailee or ~~by previous~~ endorsers  
31 35 indorsers.  
32 1 Sec. 36. Section 554.7506, Code 2007, is amended to read  
32 2 as follows:  
32 3 554.7506 DELIVERY WITHOUT ~~ENDORSEMENT~~ INDORSEMENT == RIGHT  
32 4 TO COMPEL ~~ENDORSEMENT~~ INDORSEMENT.  
32 5 The transferee of a negotiable tangible document of title  
32 6 has a specifically enforceable right to have ~~the transferee's~~  
32 7 its transferor supply any necessary ~~endorsement~~ indorsement,  
32 8 but the transfer becomes a negotiation only as of the time the  
32 9 ~~endorsement~~ indorsement is supplied.  
32 10 Sec. 37. Section 554.7507, Code 2007, is amended to read  
32 11 as follows:  
32 12 554.7507 WARRANTIES ON NEGOTIATION OR ~~TRANSFER~~ DELIVERY OF  
32 13 RECEIPT OR BILL DOCUMENT OF TITLE.  
32 14 ~~Where~~ If a person negotiates or ~~transfers~~ delivers a  
32 15 document of title for value otherwise than as a mere  
32 16 intermediary under ~~the next following~~ section 554.7508, then  
32 17 unless otherwise agreed ~~that person, the transferor, in~~  
32 18 addition to any warranty made in selling or leasing the goods,  
32 19 warrants to that person's its immediate purchaser only in  
32 20 ~~addition to any warranty made in selling the goods that:~~

32 21 a. ~~1.~~ that the document is genuine; and  
32 22 b. ~~2.~~ that that person has no the transferor does not  
32 23 have knowledge of any fact which that would impair its the  
32 24 document's validity or worth; and  
32 25 c. ~~3.~~ that that person's the negotiation or transfer  
32 26 delivery is rightful and fully effective with respect to the  
32 27 title to the document and the goods it represents.  
32 28 Sec. 38. Section 554.7508, Code 2007, is amended to read  
32 29 as follows:  
32 30 554.7508 WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS OF  
32 31 TITLE.

32 32 A collecting bank or other intermediary known to be  
32 33 entrusted with documents of title on behalf of another or with  
32 34 collection of a draft or other claim against delivery of  
32 35 documents warrants by such the delivery of the documents only  
33 1 its own good faith and authority. This rule applies even  
33 2 though if the collecting bank or other intermediary has  
33 3 purchased or made advances against the claim or draft to be  
33 4 collected.

33 5 Sec. 39. Section 554.7509, Code 2007, is amended to read  
33 6 as follows:  
33 7 554.7509 RECEIPT OR BILL: WHEN ADEQUATE COMPLIANCE WITH  
33 8 COMMERCIAL CONTRACT.

33 9 The question whether Whether a document of title is  
33 10 adequate to fulfill the obligations of a contract for sale, a  
33 11 contract for lease, or the conditions of a letter of credit is  
33 12 governed determined by the Articles on Sales (Article 2) and  
33 13 on Letters of Credit (Article 5) Article 2, 5, or 13.

33 14 Sec. 40. Section 554.7601, Code 2007, is amended to read  
33 15 as follows:  
33 16 554.7601 LOST AND MISSING, STOLEN, OR DESTROYED DOCUMENTS  
33 17 OF TITLE.

33 18 1. If a document has been of title is lost, stolen, or  
33 19 destroyed, a court may order delivery of the goods or issuance  
33 20 of a substitute document and the bailee may without liability  
33 21 to any person comply with such the order. If the document was  
33 22 negotiable, a court may not order delivery of the goods or  
33 23 issuance of a substitute document without the claimant must  
33 24 post claimant's posting security approved by the court to  
33 25 indemnify unless it finds that any person who that may suffer  
33 26 loss as a result of nonsurrender of possession or control of  
33 27 the document is adequately protected against the loss. If the  
33 28 document was not negotiable, such security the court may be  
33 29 required at the discretion of the court require security. The  
33 30 court may also in its discretion order payment of the bailee's  
33 31 reasonable costs and counsel attorney's fees in any action  
33 32 under this subsection.

33 33 2. A bailee who that, without a court order, delivers  
33 34 goods to a person claiming under a missing negotiable document  
33 35 of title is liable to any person injured thereby, and if. If  
34 1 the delivery is not in good faith becomes, the bailee is  
34 2 liable for conversion. Delivery in good faith is not  
34 3 conversion if made in accordance with a filed classification  
34 4 or tariff or, where no classification or tariff is filed, if  
34 5 the claimant posts security with the bailee in an amount at  
34 6 least double the value of the goods at the time of posting to  
34 7 indemnify any person injured by the delivery who which files a  
34 8 notice of claim within one year after the delivery.

34 9 3. If a warehouse receipt has been lost or destroyed, the  
34 10 warehouse operator shall issue a duplicate upon receipt of:  
34 11 a. An affidavit that the warehouse receipt has been lost  
34 12 or destroyed.  
34 13 b. A bond in an amount at least double the value of the  
34 14 goods at the time of posting the bond, to indemnify any person  
34 15 injured by issuance of the duplicate warehouse receipt who  
34 16 files a notice of claim within one year after delivery of the  
34 17 goods.

34 18 A duplicate warehouse receipt shall be plainly marked to  
34 19 indicate that it is a duplicate. A receipt plainly marked as  
34 20 a duplicate is a representation and warranty by the warehouse  
34 21 operator that the duplicate receipt is an accurate copy of an  
34 22 original receipt properly issued and uncanceled at the date of  
34 23 the issue of the duplicate, but shall impose upon the  
34 24 warehouse operator no other liability.

34 25 A warehouse operator who in good faith delivers goods to  
34 26 the holder of a duplicate receipt issued in accordance with  
34 27 this subsection is liable to any person injured by the  
34 28 delivery, but only to the extent of the security posted in  
34 29 accordance with paragraph "b" of this subsection.

34 30 4. If a warehouse receipt has been lost or destroyed, the  
34 31 depositor may either remove the goods from the warehouse or

~~34 32 sell the goods to the warehouse operator after executing a  
34 33 lost warehouse receipt release on a form prescribed by the  
34 34 department of agriculture and land stewardship. The form  
34 35 shall include an affidavit stating that the warehouse receipt  
35 1 has been lost or destroyed, and the depositor's undertaking to  
35 2 indemnify the warehouse operator for any loss incurred as a  
35 3 result of the loss or destruction of the warehouse receipt.  
35 4 The form shall be filed with the department of agriculture and  
35 5 land stewardship.~~

35 6 5. If a warehouse receipt has been lost or destroyed by a  
35 7 warehouse operator after delivery of the goods or purchase of  
35 8 the goods by the warehouse operator, the warehouse operator  
35 9 shall execute and file with the department of agriculture and  
35 10 land stewardship a notarized affidavit stating that the  
35 11 warehouse receipt has been lost or destroyed by the warehouse  
35 12 operator after delivery or purchase of the goods by the  
35 13 warehouse operator. The form of the affidavit shall be  
35 14 prescribed by the department of agriculture and land  
35 15 stewardship.

35 16 Sec. 41. NEW SECTION. 554.7601A LOST, STOLEN, OR  
35 17 DESTROYED DOCUMENTS == ADDITIONAL REQUIREMENTS.

35 18 1. a. If a warehouse receipt has been lost, stolen, or  
35 19 destroyed, the warehouse shall issue a duplicate upon receipt  
35 20 of:

35 21 (1) an affidavit that the warehouse receipt has been lost,  
35 22 stolen, or destroyed.

35 23 (2) a bond in an amount at least double the value of the  
35 24 goods at the time of posting the bond, to indemnify any person  
35 25 injured by issuance of the duplicate warehouse receipt who  
35 26 files a notice of claim within one year after delivery of the  
35 27 goods.

35 28 b. A duplicate warehouse receipt shall be plainly marked  
35 29 to indicate that it is a duplicate. A receipt plainly marked  
35 30 as a duplicate is a representation and warranty by the  
35 31 warehouse that the duplicate receipt is an accurate copy of an  
35 32 original receipt properly issued and uncanceled at the date of  
35 33 the issue of the duplicate, but shall not impose upon the  
35 34 warehouse other liability.

35 35 c. A warehouse which in good faith delivers goods to the  
36 1 holder of a duplicate receipt issued in accordance with this  
36 2 subsection is liable to any person injured by the delivery,  
36 3 but only to the extent of the security posted in accordance  
36 4 with paragraph "b" of this subsection.

36 5 2. If a warehouse receipt has been lost, stolen, or  
36 6 destroyed, the depositor may either remove the goods from the  
36 7 warehouse facility or sell the goods to the warehouse after  
36 8 executing a lost warehouse receipt release on a form  
36 9 prescribed by the department of agriculture and land  
36 10 stewardship. The form shall include an affidavit stating that  
36 11 the warehouse receipt has been lost or destroyed, and the  
36 12 depositor's undertaking to indemnify the warehouse for any  
36 13 loss incurred as a result of the loss or destruction of the  
36 14 warehouse receipt. The form shall be filed with the  
36 15 department of agriculture and land stewardship.

36 16 3. If a warehouse receipt has been lost or destroyed by a  
36 17 warehouse after delivery of the goods or purchase of the goods  
36 18 by the warehouse, the warehouse shall execute and file with  
36 19 the department of agriculture and land stewardship a notarized  
36 20 affidavit stating that the warehouse receipt has been lost or  
36 21 destroyed by the warehouse after delivery or purchase of the  
36 22 goods by the warehouse. The form of the affidavit shall be  
36 23 prescribed by the department of agriculture and land  
36 24 stewardship.

36 25 Sec. 42. Section 554.7602, Code 2007, is amended to read  
36 26 as follows:

36 27 554.7602 ATTACHMENT OF JUDICIAL PROCESS AGAINST GOODS  
36 28 COVERED BY A NEGOTIABLE DOCUMENT OF TITLE.

36 29 Except where the Unless a document of title was originally  
36 30 issued upon delivery of the goods by a person who had no that  
36 31 did not have power to dispose of them, no a lien attaches does  
36 32 not attach by virtue of any judicial process to goods in the  
36 33 possession of a bailee for which a negotiable document of  
36 34 title is outstanding unless possession or control of the  
36 35 document be is first surrendered to the bailee or its the  
37 1 document's negotiation is enjoined, and the. The bailee shall  
37 2 may not be compelled to deliver the goods pursuant to process  
37 3 until possession or control of the document is surrendered to  
37 4 the bailee or impounded by to the court. One who purchases A  
37 5 purchaser of the document for value without notice of the  
37 6 process or injunction takes free of the lien imposed by  
37 7 judicial process.



37 8 Sec. 43. Section 554.7603, Code 2007, is amended to read  
37 9 as follows:

37 10 554.7603 CONFLICTING CLAIMS == INTERPLEADER.

37 11 If more than one person claims title ~~to~~ or possession of  
37 12 the goods, the bailee is excused from delivery until the  
37 13 bailee has ~~had~~ a reasonable time to ascertain the validity of  
37 14 the adverse claims or to bring commence an action to ~~compel~~  
37 15 ~~all claimants to interplead and may compel such interpleader,~~  
37 16 for interpleader. The bailee may assert an interpleader  
37 17 either in defending an action for nondelivery of the goods, or  
37 18 by original action, ~~whichever is appropriate.~~

37 19 Sec. 44. Section 554.10104, Code 2007, is repealed.

37 20 Sec. 45. APPLICABILITY. This Act applies to a document of  
37 21 title that is issued or a bailment that arises on or after the  
37 22 effective date of this Act. This Act does not apply to a  
37 23 document of title that is issued or a bailment that arises  
37 24 before the effective date of this Act even if the document of  
37 25 title or bailment would be subject to this Act if the document  
37 26 of title had been issued or bailment had arisen on or after  
37 27 the effective date of this Act. This Act does not apply to a  
37 28 right of action that has accrued before the effective date of  
37 29 this Act.

37 30 Sec. 46. SAVINGS CLAUSE. A document of title issued or a  
37 31 bailment that arises before the effective date of this Act and  
37 32 the rights, obligations, and interests flowing from that  
37 33 document or bailment are governed by any statute or other rule  
37 34 amended or repealed by this Act as if amendment or repeal had  
37 35 not occurred and may be terminated, completed, consummated, or  
38 1 enforced under that statute or other rule.

#### 38 2 DIVISION II

#### 38 3 COORDINATING AMENDMENTS

#### 38 4 PART A

#### 38 5 ARTICLE 2

38 6 Sec. 47. Section 554.1201, subsections 5, 6, 10, 14, 15,  
38 7 20, 25, 26, 27, 38, and 45, Code 2007, are amended to read as  
38 8 follows:

38 9 5. "Bearer" means ~~the a person in control of a negotiable~~  
38 10 electronic document of title or a person in possession of an

38 11 instrument, a negotiable tangible document of title, or a  
38 12 certificated security payable to bearer or endorsed in blank.

38 13 6. "Bill of lading" means a document of title evidencing  
38 14 the receipt of goods for shipment issued by a person engaged  
38 15 in the business of directly or indirectly transporting or  
38 16 forwarding goods, ~~and includes an airbill. "Airbill" means a~~  
38 17 ~~document serving for air transportation as a bill of lading~~  
38 18 ~~does for marine or rail transportation, and includes an air~~  
38 19 ~~consignment note or air waybill. The term does not include a~~  
38 20 warehouse receipt.

38 21 10. "Conspicuous" ~~:- A, with reference to a term or clause~~  
38 22 ~~is conspicuous when it is, means so written, displayed, or~~  
38 23 ~~presented that a reasonable person against whom which it is to~~  
38 24 ~~operate ought to have noticed it. Whether a term is~~  
38 25 ~~"conspicuous" or not is a decision for the court. Conspicuous~~  
38 26 ~~terms include the following:~~

38 27 a. ~~A printed a heading in capitals (as: "Nonnegotiable~~  
38 28 ~~Bill of Lading") is conspicuous equal to or greater in size~~  
38 29 ~~than the surrounding text, or in contrasting type, font, or~~  
38 30 ~~color to the surrounding text of the same or lesser size; and~~

38 31 b. ~~Language language in the body of a form is~~  
38 32 ~~"conspicuous" if it is record or display in larger or other~~  
38 33 ~~contrasting type than the surrounding text, or in contrasting~~  
38 34 ~~type, font, or color to the surrounding text of the same size,~~  
38 35 ~~or set off from surrounding text of the same size by symbols~~

39 1 ~~or other marks that call attention to the language. But in a~~  
39 2 ~~telegram any stated term is "conspicuous". Whether a term or~~  
39 3 ~~clause is "conspicuous" or not is for decision by the court.~~

39 4 14. "Delivery" with respect to an electronic document of  
39 5 title means voluntary transfer of control and with respect to  
39 6 instruments, tangible documents of title, chattel paper, or  
39 7 certificated securities means voluntary transfer of  
39 8 possession.

39 9 15. "Document of title" ~~includes bill of lading, dock~~  
39 10 ~~warrant, dock receipt, warehouse receipt or order for the~~  
39 11 ~~delivery of goods, and also any other document which means a~~  
39 12 record that

39 13 a. in the regular course of business or financing is  
39 14 treated as adequately evidencing that the person in possession  
39 15 or control of it the record is entitled to receive, control,  
39 16 hold, and dispose of the document record and the goods it the  
39 17 record covers and

39 18 b. that purports to be issued by or addressed to a bailee

39 19 and to cover goods in the bailee's possession which are either  
39 20 identified or are fungible portions of an identified mass.  
39 21 The term includes a bill of lading, transport document, dock  
39 22 warrant, dock receipt, warehouse receipt, and order for  
39 23 delivery of goods.

39 24 ~~To be a~~ An electronic document of title means a document of  
39 25 title evidenced by a record consisting of information stored  
39 26 in an electronic medium. A tangible document of title means a  
39 27 document must purport to be issued by or addressed to of title  
39 28 evidenced by a bailee and purport to cover goods in the  
39 29 bailee's possession which are either identified or are  
39 30 fungible portions of an identified mass record consisting of  
39 31 information that is inscribed on a tangible medium.

39 32 20. "Holder", with respect to a negotiable instrument,  
39 33 means:  
39 34 a. the person in possession if the of a negotiable  
39 35 instrument that is payable either to bearer or, in the case of  
40 1 an instrument payable to an identified person, if the  
40 2 identified that is the person is in possession;  
40 3 b. "Holder" with respect to the person in possession of a  
40 4 negotiable tangible document of title means the person in  
40 5 possession if the goods are deliverable either to bearer or to  
40 6 the order of the person in possession; or  
40 7 c. the person in control of a negotiable electronic  
40 8 document of title.

40 9 25. ~~A~~ Subject to subsection 27, a person has "notice" of a  
40 10 fact when if the person  
40 11 a. the person has actual knowledge of it; or  
40 12 b. the person has received a notice or notification of it;  
40 13 or  
40 14 c. from all the facts and circumstances known to the  
40 15 person at the time in question, the person has reason to know  
40 16 that it exists.

40 17 PARAGRAPH DIVIDED. A person "knows" or has "knowledge" of  
40 18 a fact when that the person has actual knowledge of it.  
40 19 "Discover" or "learn" or a word or phrase of similar import  
40 20 refers to knowledge rather than to reason to know. The time  
40 21 and circumstances under which a notice or notification may  
40 22 cease to be effective are not determined by this chapter.

40 23 26. A person "notifies" or "gives" a notice or  
40 24 notification to another person by taking such steps as may be  
40 25 reasonably required to inform the other person in ordinary  
40 26 course, whether or not such the other person actually comes to  
40 27 know of it. ~~A~~ Subject to subsection 27, a person "receives" a  
40 28 notice or notification when  
40 29 a. it comes to that person's attention; or  
40 30 b. it is duly delivered in a form reasonable under the  
40 31 circumstances at the place of business through which the  
40 32 contract was made or at any other place another location held  
40 33 out by that person as the place for receipt of such  
40 34 communications.

40 35 27. Notice, knowledge, or a notice or notification  
41 1 received by an organization is effective for a particular  
41 2 transaction from the time when it is brought to the attention  
41 3 of the individual conducting that transaction, and in any  
41 4 event, from the time when it would have been brought to that  
41 5 the individual's attention if the organization had exercised  
41 6 due diligence. An organization exercises due diligence if it  
41 7 maintains reasonable routines for communicating significant  
41 8 information to the person conducting the transaction and there  
41 9 is reasonable compliance with the routines. Due diligence  
41 10 does not require an individual acting for the organization to  
41 11 communicate information unless such communication is part of  
41 12 that the individual's regular duties or unless the individual  
41 13 has reason to know of the transaction and that the transaction  
41 14 would be materially affected by the information.

41 15 38. "Send" in connection with any writing, record, or  
41 16 notice means:  
41 17 a. to deposit in the mail or deliver for transmission by  
41 18 any other usual means of communication with postage or cost of  
41 19 transmission provided for and properly addressed and, in the  
41 20 case of an instrument, to an address specified thereon or  
41 21 otherwise agreed, or if there be none to any address  
41 22 reasonable under the circumstances; or  
41 23 b. ~~The receipt of in any writing other way to cause to be~~  
41 24 ~~received any record or notice within the time at which it~~  
41 25 ~~would have arrived if properly sent has the effect of a proper~~  
41 26 ~~sending.~~

41 27 45. "Warehouse receipt" means a receipt document of title  
41 28 issued by a person engaged in the business of storing goods  
41 29 for hire.

41 30 Sec. 48. Section 554.2103, subsection 3, Code 2007, is  
41 31 amended to read as follows:

41 32 3. ~~The "Control" as provided in section 554.7106 and the~~  
41 33 following definitions in other Articles apply to this Article:  
41 34 "Check" Section 554.3104  
41 35 "Consignee" Section 554.7102  
42 1 "Consignor" Section 554.7102  
42 2 "Consumer goods" Section 554.9102  
42 3 "Dishonor" Section 554.3502  
42 4 "Draft" Section 554.3104

42 5 Sec. 49. Section 554.2104, subsection 2, Code 2007, is  
42 6 amended to read as follows:

42 7 2. "Financing agency" means a bank, finance company or  
42 8 other person who in the ordinary course of business makes  
42 9 advances against goods or documents of title or who by  
42 10 arrangement with either the seller or the buyer intervenes in  
42 11 ordinary course to make or collect payment due or claimed  
42 12 under the contract for sale, as by purchasing or paying the  
42 13 seller's draft or making advances against it or by merely  
42 14 taking it for collection whether or not documents of title  
42 15 accompany or are associated with the draft. "Financing  
42 16 agency" includes also a bank or other person who similarly  
42 17 intervenes between persons who are in the position of seller  
42 18 and buyer in respect to the goods (section 554.2707).

42 19 Sec. 50. Section 554.2310, Code 2007, is amended to read  
42 20 as follows:

42 21 554.2310 OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT ==  
42 22 AUTHORITY TO SHIP UNDER RESERVATION.

42 23 Unless otherwise agreed

42 24 a. payment is due at the time and place at which the buyer  
42 25 is to receive the goods even though the place of shipment is  
42 26 the place of delivery; and

42 27 b. if the seller is authorized to send the goods the  
42 28 seller may ship them under reservation, and may tender the  
42 29 documents of title, but the buyer may inspect the goods after  
42 30 their arrival before payment is due unless such inspection is  
42 31 inconsistent with the terms of the contract (section  
42 32 554.2513); and

42 33 c. if delivery is authorized and made by way of documents  
42 34 of title otherwise than by subsection "b" then payment is due  
42 35 regardless of where the goods are to be received (i) at the  
43 1 time and place at which the buyer is to receive delivery of  
43 2 the tangible documents regardless of where the goods are or  
43 3 (ii) at the time the buyer is to be received receive delivery  
43 4 of the electronic documents and at the seller's place of  
43 5 business or if none, the seller's residence; and

43 6 d. where the seller is required or authorized to ship the  
43 7 goods on credit the credit period runs from the time of  
43 8 shipment but ~~postdating~~ post-dating the invoice or delaying  
43 9 its dispatch will correspondingly delay the starting of the  
43 10 credit period.

43 11 Sec. 51. Section 554.2323, subsection 2, unnumbered  
43 12 paragraph 1, Code 2007, is amended to read as follows:

43 13 Where in a case within subsection 1 a tangible bill of  
43 14 lading has been issued in a set of parts, unless otherwise  
43 15 agreed if the documents are not to be sent from abroad the  
43 16 buyer may demand tender of the full set; otherwise only one  
43 17 part of the bill of lading need be tendered. Even if the  
43 18 agreement expressly requires a full set

43 19 Sec. 52. Section 554.2401, subsection 3, paragraphs a and  
43 20 b, Code 2007, are amended to read as follows:

43 21 a. if the seller is to deliver a tangible document of  
43 22 title, title passes at the time when and the place where the  
43 23 seller delivers such documents and if the seller is to deliver  
43 24 an electronic document of title, title passes when the seller  
43 25 delivers the document; or

43 26 b. if the goods are at the time of contracting already  
43 27 identified and no documents of title are to be delivered,  
43 28 title passes at the time and place of contracting.

43 29 Sec. 53. Section 554.2503, subsection 4, paragraph b, Code  
43 30 2007, is amended to read as follows:

43 31 b. tender to the buyer of a nonnegotiable document of  
43 32 title or of a ~~written direction to record directing~~ the bailee  
43 33 to deliver is sufficient tender unless the buyer seasonably  
43 34 objects, and except as otherwise provided in Article 9 receipt  
43 35 by the bailee of notification of the buyer's rights fixes  
44 1 those rights as against the bailee and all third persons; but  
44 2 risk of loss of the goods and of any failure by the bailee to  
44 3 honor the nonnegotiable document of title or to obey the  
44 4 direction remains on the seller until the buyer has had a  
44 5 reasonable time to present the document or direction, and a

44 6 refusal by the bailee to honor the document or to obey the  
44 7 direction defeats the tender.  
44 8 Sec. 54. Section 554.2503, subsection 5, paragraph b, Code  
44 9 2007, is amended to read as follows:  
44 10 b. tender through customary banking channels is sufficient  
44 11 and dishonor of a draft accompanying or associated with the  
44 12 documents constitutes nonacceptance or rejection.

44 13 Sec. 55. Section 554.2505, subsection 1, paragraph b, Code  
44 14 2007, is amended to read as follows:  
44 15 b. a nonnegotiable bill of lading to the seller or the  
44 16 seller's nominee reserves possession of the goods as security  
44 17 but except in a case of conditional delivery (subsection 2 of  
44 18 section 554.2507) a nonnegotiable bill of lading naming the  
44 19 buyer as consignee reserves no security interest even though  
44 20 the seller retains possession or control of the bill of  
44 21 lading.

44 22 Sec. 56. Section 554.2505, subsection 2, Code 2007, is  
44 23 amended to read as follows:  
44 24 2. When shipment by the seller with reservation of a  
44 25 security interest is in violation of the contract for sale it  
44 26 constitutes an improper contract for transportation within the  
44 27 preceding section but impairs neither the rights given to the  
44 28 buyer by shipment and identification of the goods to the  
44 29 contract nor the seller's powers as a holder of a negotiable  
44 30 document of title.

44 31 Sec. 57. Section 554.2506, subsection 2, Code 2007, is  
44 32 amended to read as follows:  
44 33 2. The right to reimbursement of a financing agency which  
44 34 has in good faith honored or purchased the draft under  
44 35 commitment to or authority from the buyer is not impaired by  
45 1 subsequent discovery of defects with reference to any relevant  
45 2 document which was apparently regular ~~on its face~~.

45 3 Sec. 58. Section 554.2509, subsection 2, paragraphs a and  
45 4 c, Code 2007, are amended to read as follows:  
45 5 a. on the buyer's receipt of possession or control of a  
45 6 negotiable document of title covering the goods; or  
45 7 c. after the buyer's receipt of possession or control of a  
45 8 nonnegotiable document of title or other ~~written~~ direction to  
45 9 deliver in a record, as provided in ~~subsection 4 "b" of~~  
45 10 section 554.2503, subsection 4, paragraph "b".

45 11 Sec. 59. Section 554.2605, subsection 2, Code 2007, is  
45 12 amended to read as follows:  
45 13 2. Payment against documents made without reservation of  
45 14 rights precludes recovery of the payment for defects apparent  
45 15 ~~on the face of in~~ the documents.

45 16 Sec. 60. Section 554.2705, subsection 2, paragraph c, Code  
45 17 2007, is amended to read as follows:  
45 18 c. such acknowledgment to the buyer by a carrier by  
45 19 reshipment or as a warehouse operator; or

45 20 Sec. 61. Section 554.2705, subsection 3, paragraph c, Code  
45 21 2007, is amended to read as follows:  
45 22 c. If a negotiable document of title has been issued for  
45 23 goods the bailee is not obliged to obey a notification to stop  
45 24 until surrender of possession or control of the document.

45 25 PART B  
45 26 ARTICLE 4

45 27 Sec. 62. Section 554.4104, subsection 3, Code 2007, is  
45 28 amended to read as follows:  
45 29 3. The "Control" as provided in section 554.7106 and the  
45 30 following definitions in other Articles apply to this Article:

45 31 "Acceptance"	Section 554.3409
45 32 "Alteration"	Section 554.3407
45 33 "Cashier's check"	Section 554.3104
45 34 "Certificate of deposit"	Section 554.3104
45 35 "Certified check"	Section 554.3409
46 1 "Check"	Section 554.3104
46 2 "Good faith"	Section 554.3103
46 3 "Holder in due course"	Section 554.3302
46 4 "Instrument"	Section 554.3104
46 5 "Notice of dishonor"	Section 554.3503
46 6 "Order"	Section 554.3103
46 7 "Ordinary care"	Section 554.3103
46 8 "Person entitled 46 9 to enforce"	Section 554.3301
46 10 "Presentment"	Section 554.3501
46 11 "Promise"	Section 554.3103
46 12 "Prove"	Section 554.3103
46 13 "Teller's check"	Section 554.3104
46 14 "Unauthorized signature"	Section 554.3403

46 15 Sec. 63. Section 554.4210, subsection 3, unnumbered  
46 16 paragraph 1, Code 2007, is amended to read as follows:

46 17 Receipt by a collecting bank of a final settlement for an  
46 18 item is a realization on its security interest in the item,  
46 19 accompanying documents, and proceeds. So long as the bank  
46 20 does not receive final settlement for the item or give up  
46 21 possession of the item or possession or control of the  
46 22 accompanying documents for purposes other than collection, the  
46 23 security interest continues to that extent and is subject to  
46 24 Article 9, but:

46 25 PART C  
46 26 ARTICLE 8

46 27 Sec. 64. Section 554.8103, Code 2007, is amended by adding  
46 28 the following new subsection:

46 29 NEW SUBSECTION. 7. A document of title is not a financial  
46 30 asset unless section 554.8102, subsection 1, paragraph "i",  
46 31 subparagraph (3) applies.

46 32 PART D  
46 33 ARTICLE 9

46 34 Sec. 65. Section 554.9102, subsection 2, Code 2007, is  
46 35 amended to read as follows:

47 1 2. DEFINITIONS IN OTHER ARTICLES. ~~The "Control" as~~  
47 2 provided in section 554.7106 and the following definitions in  
47 3 other Articles apply to this Article:

47 4 "Applicant"	Section 554.5102
47 5 "Beneficiary"	Section 554.5102
47 6 "Broker"	Section 554.8102
47 7 "Certificated security"	Section 554.8102
47 8 "Check"	Section 554.3104
47 9 "Clearing corporation"	Section 554.8102
47 10 "Contract for sale"	Section 554.2106
47 11 "Customer"	Section 554.4104
47 12 "Entitlement holder"	Section 554.8102
47 13 "Financial asset"	Section 554.8102
47 14 "Holder in due course"	Section 554.3302
47 15 "Issuer" (with respect	
47 16 to a letter of credit or	
47 17 letter=of=credit right)	Section 554.5102
47 18 "Issuer" (with respect	
47 19 to a security)	Section 554.8201
47 20 <u>"Issuer" (with respect</u>	
47 21 <u>to documents of title)</u>	<u>Section 554.7102</u>
47 22 "Lease"	Section 554.13103
47 23 "Lease agreement"	Section 554.13103
47 24 "Lease contract"	Section 554.13103
47 25 "Leasehold interest"	Section 554.13103
47 26 "Lessee"	Section 554.13103
47 27 "Lessee in ordinary	
47 28 course of business"	Section 554.13103
47 29 "Lessor"	Section 554.13103
47 30 "Lessor's residual	
47 31 interest"	Section 554.13103
47 32 "Letter of credit"	Section 554.5102
47 33 "Merchant"	Section 554.2104
47 34 "Negotiable instrument"	Section 554.3104
47 35 "Nominated person"	Section 554.5102
48 1 "Note"	Section 554.3104
48 2 "Proceeds of a letter	
48 3 of credit"	Section 554.5114
48 4 "Prove"	Section 554.3103
48 5 "Sale"	Section 554.2106
48 6 "Securities account"	Section 554.8501
48 7 "Securities intermediary"	Section 554.8102
48 8 "Security"	Section 554.8102
48 9 "Security certificate"	Section 554.8102
48 10 "Security entitlement"	Section 554.8102
48 11 "Uncertificated security"	Section 554.8102

48 12 Sec. 66. Section 554.9203, subsection 2, paragraph c,  
48 13 subparagraph (4), Code 2007, is amended to read as follows:

48 14 (4) the collateral is deposit accounts, electronic chattel  
48 15 paper, investment property, ~~or~~ letter=of=credit rights, ~~or~~  
48 16 electronic documents, and the secured party has control under  
48 17 section 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107  
48 18 pursuant to the debtor's security agreement.

48 19 Sec. 67. Section 554.9207, subsection 3, unnumbered  
48 20 paragraph 1, Code 2007, is amended to read as follows:

48 21 Except as otherwise provided in subsection 4, a secured  
48 22 party having possession of collateral or control of collateral  
48 23 under section 554.7106, 554.9104, 554.9105, 554.9106, or  
48 24 554.9107:

48 25 Sec. 68. Section 554.9208, subsection 2, paragraphs d and  
48 26 e, Code 2007, are amended to read as follows:

48 27 d. a secured party having control of investment property

48 28 under section 554.8106, subsection 4, paragraph "b", or  
48 29 section 554.9106, subsection 2, shall send to the securities  
48 30 intermediary or commodity intermediary with which the security  
48 31 entitlement or commodity contract is maintained an  
48 32 authenticated record that releases the securities intermediary  
48 33 or commodity intermediary from any further obligation to  
48 34 comply with entitlement orders or directions originated by the  
48 35 secured party; ~~and~~

49 1 e. a secured party having control of a letter-of-credit  
49 2 right under section 554.9107 shall send to each person having  
49 3 an unfulfilled obligation to pay or deliver proceeds of the  
49 4 letter of credit to the secured party an authenticated release  
49 5 from any further obligation to pay or deliver proceeds of the  
49 6 letter of credit to the secured party-; and

49 7 f. a secured party having control of an electronic  
49 8 document shall:

49 9 (1) give control of the electronic document to the debtor  
49 10 or its designated custodian;

49 11 (2) if the debtor designates a custodian that is the  
49 12 designated custodian with which the authoritative copy of the  
49 13 electronic document is maintained for the secured party,  
49 14 communicate to the custodian an authenticated record releasing  
49 15 the designated custodian from any further obligation to comply  
49 16 with instructions originated by the secured party and  
49 17 instructing the custodian to comply with instructions  
49 18 originated by the debtor; and

49 19 (3) take appropriate action to enable the debtor or its  
49 20 designated custodian to make copies of or revisions to the  
49 21 authoritative copy which add or change an identified assignee  
49 22 of the authoritative copy without the consent of the secured  
49 23 party.

49 24 Sec. 69. Section 554.9301, subsection 3, unnumbered  
49 25 paragraph 1, Code 2007, is amended to read as follows:

49 26 Except as otherwise provided in subsection 4, while  
49 27 tangible negotiable documents, goods, instruments, money, or  
49 28 tangible chattel paper is located in a jurisdiction, the local  
49 29 law of that jurisdiction governs:

49 30 Sec. 70. Section 554.9310, subsection 2, paragraphs e and  
49 31 h, Code 2007, are amended to read as follows:

49 32 e. in certificated securities, documents, goods, or  
49 33 instruments which is perfected without filing, control, or  
49 34 possession under section 554.9312, subsection 5, 6, or 7;

49 35 h. in deposit accounts, electronic chattel paper,  
50 1 electronic documents, investment property, or letter-of-credit  
50 2 rights which is perfected by control under section 554.9314;

50 3 Sec. 71. Section 554.9312, subsection 5, Code 2007, is  
50 4 amended to read as follows:

50 5 5. TEMPORARY PERFECTION == NEW VALUE. A security interest  
50 6 in certificated securities, negotiable documents, or  
50 7 instruments is perfected without filing or the taking of  
50 8 possession or control for a period of twenty days from the  
50 9 time it attaches to the extent that it arises for new value  
50 10 given under an authenticated security agreement.

50 11 Sec. 72. Section 554.9313, subsection 1, Code 2007, is  
50 12 amended to read as follows:

50 13 1. PERFECTION BY POSSESSION OR DELIVERY. Except as  
50 14 otherwise provided in subsection 2, a secured party may  
50 15 perfect a security interest in tangible negotiable documents,  
50 16 goods, instruments, money, or tangible chattel paper by taking  
50 17 possession of the collateral. A secured party may perfect a  
50 18 security interest in certificated securities by taking  
50 19 delivery of the certificated securities under section  
50 20 554.8301.

50 21 Sec. 73. Section 554.9314, subsections 1 and 2, Code 2007,  
50 22 are amended to read as follows:

50 23 1. PERFECTION BY CONTROL. A security interest in  
50 24 investment property, deposit accounts, letter-of-credit  
50 25 rights, ~~or~~ electronic chattel paper, or electronic documents  
50 26 may be perfected by control of the collateral under section  
50 27 554.7106, 554.9104, 554.9105, 554.9106, or 554.9107.

50 28 2. SPECIFIED COLLATERAL == TIME OF PERFECTION BY CONTROL  
50 29 == CONTINUATION OF PERFECTION. A security interest in deposit  
50 30 accounts, electronic chattel paper, ~~or~~ letter-of-credit  
50 31 rights, or electronic documents is perfected by control under  
50 32 section 554.7106, 554.9104, 554.9105, or 554.9107 when the  
50 33 secured party obtains control and remains perfected by control  
50 34 only while the secured party retains control.

50 35 Sec. 74. Section 554.9317, subsections 2 and 4, Code 2007,  
51 1 are amended to read as follows:

51 2 2. BUYERS THAT RECEIVE DELIVERY. Except as otherwise  
51 3 provided in subsection 5, a buyer, other than a secured party,

51 4 of tangible chattel paper, tangible documents, goods,  
51 5 instruments, or a security certificate takes free of a  
51 6 security interest or agricultural lien if the buyer gives  
51 7 value and receives delivery of the collateral without  
51 8 knowledge of the security interest or agricultural lien and  
51 9 before it is perfected.

51 10 4. LICENSEES AND BUYERS OF CERTAIN COLLATERAL. A licensee  
51 11 of a general intangible or a buyer, other than a secured  
51 12 party, of accounts, electronic chattel paper, electronic  
51 13 documents, general intangibles, or investment property other  
51 14 than a certificated security takes free of a security interest  
51 15 if the licensee or buyer gives value without knowledge of the  
51 16 security interest and before it is perfected.

51 17 Sec. 75. Section 554.9338, subsection 2, Code 2007, is  
51 18 amended to read as follows:

51 19 2. a purchaser, other than a secured party, of the  
51 20 collateral takes free of the security interest or agricultural  
51 21 lien to the extent that, in reasonable reliance upon the  
51 22 incorrect information, the purchaser gives value and, in the  
51 23 case of tangible chattel paper, tangible documents, goods,  
51 24 instruments, or a security certificate, receives delivery of  
51 25 the collateral.

51 26 Sec. 76. Section 554.9601, subsection 2, Code 2007, is  
51 27 amended to read as follows:

51 28 2. RIGHTS AND DUTIES OF SECURED PARTY IN POSSESSION OR  
51 29 CONTROL. A secured party in possession of collateral or  
51 30 control of collateral under section 554.7106, 554.9104,  
51 31 554.9105, 554.9106, or 554.9107 has the rights and duties  
51 32 provided in section 554.9207.

51 33 PART E  
51 34 ARTICLE 13

51 35 Sec. 77. Section 554.13103, subsection 1, paragraphs a and  
52 1 o, Code 2007, are amended to read as follows:

52 2 a. "Buyer in ordinary course of business" means a person  
52 3 who in good faith and without knowledge that the sale to the  
52 4 person is in violation of the ownership rights or security  
52 5 interest or leasehold interest of a third party in the goods,  
52 6 buys in ordinary course from a person in the business of  
52 7 selling goods of that kind but does not include a pawnbroker.  
52 8 "Buying" may be for cash or by exchange of other property or  
52 9 on secured or unsecured credit and includes ~~receiving~~  
52 10 acquiring goods or documents of title under a preexisting  
52 11 contract for sale but does not include a transfer in bulk or  
52 12 as security for or in total or partial satisfaction of a money  
52 13 debt.

52 14 o. "Lessee in ordinary course of business" means a person  
52 15 who in good faith and without knowledge that the lease to the  
52 16 person is in violation of the ownership rights or security  
52 17 interest or leasehold interest of a third party in the goods  
52 18 leases in ordinary course from a person in the business of  
52 19 selling or leasing goods of that kind but does not include a  
52 20 pawnbroker. "Leasing" may be for cash or by exchange of other  
52 21 property or on secured or unsecured credit and includes  
52 22 ~~receiving~~ acquiring goods or documents of title under a  
52 23 preexisting lease contract but does not include a transfer in  
52 24 bulk or as security for or in total or partial satisfaction of  
52 25 a money debt.

52 26 Sec. 78. Section 554.13514, subsection 2, Code 2007, is  
52 27 amended to read as follows:

52 28 2. A lessee's failure to reserve rights when paying rent  
52 29 or other consideration against documents precludes recovery of  
52 30 the payment for defects apparent ~~on the face of in~~ the  
52 31 documents.

52 32 Sec. 79. Section 554.13526, subsection 2, paragraph c,  
52 33 Code 2007, is amended to read as follows:

52 34 c. such an acknowledgment to the lessee by a carrier via  
52 35 reshipment or as ~~warehouse~~ a warehouse.

53 1 PART F  
53 2 MISCELLANEOUS

53 3 Sec. 80. Section 203C.19, Code 2007, is amended to read as  
53 4 follows:

53 5 203C.19 RIGHTS AND OBLIGATIONS WITH RESPECT TO WAREHOUSE  
53 6 RECEIPTS == LOST RECEIPTS.

53 7 1. Insofar as not inconsistent with the provisions of this  
53 8 chapter, original or duplicate receipts issued by licensed  
53 9 warehouse operators shall be deemed to have been issued under  
53 10 the provisions of uniform commercial code, chapter 554,  
53 11 article 7.

53 12 2. Duplicates and releases for lost, destroyed, or stolen  
53 13 warehouse receipts may be issued only in accordance with the  
53 14 provisions of ~~section sections~~ 554.7601 and 554.7601A.

53 15

#### EXPLANATION

53 16 BACKGROUND. This bill amends Article 7 of the Uniform  
53 17 Commercial Code governing warehouse receipts, bills of lading,  
53 18 and other documents of title. The amendments derive from a  
53 19 model act with comments as prepared by the national conference  
53 20 of commissioners on uniform state laws and the American law  
53 21 institute. According to the model act's preface, the  
53 22 provisions of the model act are to further develop electronic  
53 23 documents of title in light of state, federal and  
53 24 international developments. The preface continues by stating  
53 25 that each section has been reviewed to determine its  
53 26 suitability given modern practice, the need for medium and  
53 27 gender neutrality, and modern statutory drafting.

53 28 CONFORMITY WITH THE MODEL ACT. The bill adopts the changes  
53 29 made by the model act, with certain limited exceptions  
53 30 consistent with the current format and style of Iowa's version  
53 31 of the Uniform Commercial Code, which are limited to  
53 32 numbering, capitalization, citations, the use of dashes rather  
53 33 than semicolons in headnotes, and the use of gender-neutral  
53 34 language in conformance with Code section 2.33. Otherwise,  
53 35 the bill follows language and punctuation as recommended in  
54 1 the model act, even when contrary to normal drafting practice  
54 2 (e.g., retaining the model act's use of the term "may not"  
54 3 rather than the preferred "shall not" or "must not" in  
54 4 amendments to Code sections 554.7210, 554.7304, 554.7308,  
54 5 554.7309, 554.7601, and 554.7602). The bill also retains a  
54 6 nonconforming provision, Code section 554.7601, providing for  
54 7 lost and missing documents. Subsections 3 and 4, unique to  
54 8 Iowa, provide for lost or destroyed warehouse receipts and the  
54 9 regulation of warehouse receipts by the department of  
54 10 agriculture and land stewardship (see also the department's  
54 11 regulation of warehouses under Code chapter 203C). The bill  
54 12 organizes these unique subsections into new Code section  
54 13 554.7601A to alert the reader that the provisions are not  
54 14 based on model legislation.

54 15 STRUCTURE. The bill is divided into two divisions.  
54 16 Division I amends provisions in Article 7 and Division II  
54 17 provides for conforming changes to provisions outside of  
54 18 Article 7. The bill does not alter the structure of Article 7  
54 19 which is divided into a number of parts including: Part 1  
54 20 which provides general provisions, including definitions, Part  
54 21 2 which provides special provisions for warehouse receipts,  
54 22 and Part 3 which provides special provisions for bills of  
54 23 lading. The remaining parts provide for both warehouse  
54 24 receipts and bills of lading. Part 4 provides for general  
54 25 obligations, Part 5 provides for negotiation and transfer  
54 26 arrangements, and Part 6 provides for miscellaneous  
54 27 provisions.

54 28 AMENDMENTS. The bill amends Code section 554.1201 which  
54 29 includes definitions for "bearer", "bill of lading",  
54 30 "delivery", "document of title", "holder", and "warehouse  
54 31 receipt". In Code section 554.7102 the term "warehouse  
54 32 operator" is replaced by "warehouse" and the term "warehouse"  
54 33 is replaced with the term "warehouse facility". The bill  
54 34 provides new definitions for "good faith", "record", "sign"  
54 35 and "shipper". The changes to the definitions, in part,  
55 1 authorize the use of electronic records, and allow a person  
55 2 (bailee) to issue an electronic document of title in the  
55 3 regular course of business or financing, and which may  
55 4 evidence that a person who is in control of the record is  
55 5 entitled to receive, control, hold, and dispose of the record  
55 6 and the goods the record covers.

55 7 The bill divides records into electronic and tangible  
55 8 documents of title. The bill includes a new section which  
55 9 addresses the "control" of an electronic document of title  
55 10 which is closely connected to the "Uniform Electronic  
55 11 Transactions Act" (Code chapter 554D). According to the  
55 12 comments, "control" of an electronic document of title is the  
55 13 equivalent to possession and indorsement of a tangible  
55 14 (written) document of title. The bill also provides that  
55 15 parties may substitute an electronic document of title for an  
55 16 already-issued paper document (Code section 554.7105). In  
55 17 general, the rules applicable for electronic documents of  
55 18 title are the same or similar to the rules for tangible  
55 19 documents of title. Where a difference is meant to apply, the  
55 20 provision refers only to one type of document without  
55 21 mentioning the other. As with tangible negotiable documents  
55 22 of title, electronic negotiable documents of title may be  
55 23 negotiated and duly negotiated (Code section 554.7501).

55 24 The bill amends Code sections to include a number of other  
55 25 changes, which include:



55 26 1. Eliminating references to tariffs or filed  
55 27 classifications which were made according to the comments to  
55 28 account for the deregulation of the affected industries (see  
55 29 Code sections 554.7103 and 554.7309).  
55 30 2. Providing when a document is nonnegotiable (Code  
55 31 section 554.7104).  
55 32 3. Specifying when the Article's provisions apply only to  
55 33 warehouse receipts or only bills of lading.  
55 34 4. Eliminating the current provisions in Code section  
55 35 554.7105, and replacing it with a new provision providing for  
56 1 the reissuance of a document in an alternative medium.  
56 2 5. Providing that particular terms need not be included in  
56 3 a document to create a valid warehouse receipt (Code section  
56 4 554.7202).  
56 5 6. Broadening the ability of a warehouse to provide an  
56 6 effective limitation of liability in a warehouse receipt or  
56 7 storage agreement in accordance with commercial practice (Code  
56 8 section 554.7204).  
56 9 7. Allowing a warehouse to obtain a lien on goods covered  
56 10 by a storage agreement and providing for rules of priority  
56 11 among creditors (Code section 554.7209).  
56 12 8. Amending the usage of provisions relating to shipping  
56 13 practices (Code sections 554.7301 and 554.7302).  
56 14 9. Providing for the extent of a carrier's lien (Code  
56 15 section 554.7307).  
56 16 10. Adding references to provisions for leasing  
56 17 arrangements under Article 2A, codified in Iowa as Article 13  
56 18 (Code sections 554.7503, 554.7504, and 554.7509).  
56 19 11. Providing that a warranty made by negotiation or  
56 20 delivery of a document of title applies only in the case of a  
56 21 voluntary transfer of possession or control of the document  
56 22 (Code section 554.7507).  
56 23 12. Providing when a court may order protection against  
56 24 loss involving the delivery of goods or the issuance of a  
56 25 substitute document (Code section 554.7601).  
56 26 LSB 1073SC 82  
56 27 da:rj/je/5