

Senate Bill No. 201–Senators Care and Amodei

Joint Sponsor: Assemblywoman Ohrenschall

CHAPTER.....

AN ACT relating to the Uniform Commercial Code; revising the provisions of Articles 1 and 7 of the Uniform Commercial Code; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

The Uniform Commercial Code is a set of uniform laws governing commercial transactions, which was originally adopted by the National Conference of Commissioners on Uniform State Laws in 1951. Article 1 of the Uniform Commercial Code sets forth the definitions and other general provisions that, in the absence of any conflicting provision in the Code, apply as default rules for transactions and matters otherwise covered in other Articles of the Code. Article 1 of the Code was enacted in 1965 in Nevada and is codified as NRS 104.1101-104.1208.

This bill repeals and replaces the provisions of Article 1 by enacting new general provisions relating to the construction, application and subject matter of the Uniform Commercial Code. Many of the changes to Article 1 in this bill are nonsubstantive technical changes such as reordering and renumbering sections and adding gender neutral terminology. However, other changes are substantive clarifications and revisions.

Existing law contains substantive requirements relating to the statute of frauds that affect transactions that are not governed by the Uniform Commercial Code. Existing law also addresses the interrelationship between substantive principles of law and the Code and its purposes and policies.

This bill deletes the provisions in Article 1 relating to the statute of frauds and specifically states that the substantive rules of Article 1 only apply to transactions that are within the scope of other Articles of the Uniform Commercial Code. The bill also clarifies that, unless a specific provision of the Uniform Commercial Code provides otherwise, the Code preempts principles of common law and equity that are inconsistent with the provisions of the Code or its purposes and policies.

Under existing law, the general definition of “good faith” in Article 1 of the Code only encompasses objective honesty.

This bill expands that definition to include the element of commercial reasonableness, which is used in other Articles.

Existing law provides that, absent express terms in an agreement to the contrary, course of dealing and usage of trade may be used in interpreting agreements.

This bill also authorizes use of course of performance in interpreting agreements, in the absence of express terms in the agreement to the contrary.

Article 7 of the Uniform Commercial Code governs the transfer of documents of title, such as warehouse receipts and bills of lading, which are commonly used in the shipment and storage of goods. Adopted by the National Conference of Commissioners on Uniform State Laws in 1951 and enacted in Nevada in 1965 (NRS 104.7101-104.7603), Article 7 has not been revised in any significant manner since its promulgation.

This bill repeals and replaces the provisions of Article 7 and enacts new provisions to provide rules for electronic documents of title. These rules address the recognition of electronic documents of title, the extension of statute of fraud requirements to electronic records and signatures, the establishment of the authenticity of electronic documents of title and the interchangeability between electronic and tangible documents of title. This bill provides that, to the extent

possible, the rules relating to electronic documents of title are identical to or similar to the rules for tangible documents of title. This bill also modernizes other provisions of Article 7.

This bill makes various other technical changes to other Articles of the Uniform Commercial Code that are necessary as a result of the revisions to Articles 1 and 7 of the Code.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 104 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 65, inclusive, of this act.

Sec. 2. 1. *This chapter, together with chapter 104A of NRS, may be cited as the Uniform Commercial Code.*

2. *This Article may be cited as the Uniform Commercial Code—General Provisions.*

Sec. 3. *This Article applies to a transaction to the extent that it is governed by another Article of the Uniform Commercial Code.*

Sec. 4. 1. *The Uniform Commercial Code must be liberally construed and applied to promote its underlying purposes and policies, which are:*

(a) To simplify, clarify, and modernize the law governing commercial transactions;

(b) To permit the continued expansion of commercial practices through custom, usage, and agreement of the parties; and

(c) To make uniform the law among the various jurisdictions.

2. *Unless displaced by the particular provisions of the Uniform Commercial Code, the principles of law and equity, including the law merchant and the law relative to capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, and other validating or invalidating cause supplement its provisions.*

Sec. 5. *The Uniform Commercial Code being a general act intended as a unified coverage of its subject matter, no part of it shall be deemed to be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.*

Sec. 6. *If any provision or clause of the Uniform Commercial Code or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Uniform Commercial Code which can be given effect without the invalid provision or application, and to this end the provisions of the Uniform Commercial Code are severable.*

Sec. 7. *In the Uniform Commercial Code, unless the statutory context otherwise requires:*

1. Words in the singular number include the plural, and those in the plural include the singular; and

2. Words of any gender also refer to any other gender.

Sec. 8. *This Article modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §§ 7001 et. seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. § 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. § 7003(b).*

Sec. 9. *1. Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other Articles of the Uniform Commercial Code that apply to particular Articles or parts thereof, have the meanings stated.*

2. Subject to definitions contained in other Articles of the Uniform Commercial Code that apply to particular Articles or parts thereof:

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

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

(c) "Agreement", as distinguished from "contract", means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in section 17 of this act.

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

(e) "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title, or certificated security that is payable to bearer or endorsed in blank.

(f) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.

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

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

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

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

(1) *A heading in capitals equal to or greater in size than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same or lesser size; and*

(2) *Language in the body of a record or display in larger type than the surrounding text, or in contrasting type, font, or color to the surrounding text of the same size, or set off from surrounding text of the same size by symbols or other marks that call attention to the language.*

(k) *“Consumer” means a natural person who enters into a transaction primarily for personal, family, or household purposes.*

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

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

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

(o) *“Delivery”, with respect to an electronic document of title means voluntary transfer of control and with respect to an instrument, a tangible document of title, or chattel paper, means voluntary transfer of possession.*

(p) *“Document of title” means a record:*

(1) *That in the regular course of business or financing is treated as adequately evidencing that the person in possession or control of the record is entitled to receive, control, hold, and dispose of the record and the goods the record covers; and*

(2) *That purports to be issued by or addressed to a bailee and to cover goods in the bailee’s possession which are either identified or are fungible portions of an identified mass.*

↳ *The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods. An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.*

(q) *“Fault” means a default, breach, or wrongful act or omission.*

(r) *“Fungible goods” means:*

(1) *Goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit; or*

(2) *Goods that by agreement are treated as equivalent.*

(s) *“Genuine” means free of forgery or counterfeiting.*

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

(u) *“Holder” means:*

(1) *The person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession;*

(2) *The person in possession of a negotiable tangible document of title if the goods are deliverable either to bearer or to the order of the person in possession; or*

(3) *The person in control of a negotiable electronic document of title.*

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

(w) *“Insolvent” means:*

(1) *Having generally ceased to pay debts in the ordinary course of business other than as a result of bona fide dispute;*

(2) *Being unable to pay debts as they become due; or*

(3) *Being insolvent within the meaning of federal bankruptcy law.*

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

(y) *“Organization” means a person other than a natural person.*

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

(aa) *“Person” means a natural person, corporation, business trust, estate, trust, partnership, limited-liability company, association, joint venture, government, governmental subdivision, agency, or instrumentality, public corporation, or any other legal or commercial entity.*

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

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

(dd) *“Purchaser” means a person that takes by purchase.*

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

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

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

(hh) *“Right” includes remedy.*

(ii) *“Security interest” means an interest in personal property or fixtures which secures payment or performance of an obligation. “Security interest” includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to Article 9. “Security interest” does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under NRS 104.2401, but a buyer may also acquire a*

“security interest” by complying with Article 9. Except as otherwise provided in NRS 104.2505, the right of a seller or lessor of goods under Article 2 or 2A to retain or acquire possession of the goods is not a “security interest”, but a seller or lessor may also acquire a “security interest” by complying with Article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under NRS 104.2401 is limited in effect to a reservation of a “security interest.” Whether a transaction in the form of a lease creates a “security interest” is determined pursuant to section 11 of this act.

(jj) “Send” in connection with a writing, record, or notice means:

(1) To deposit in the mail or deliver for transmission by any other usual means of communication with postage or cost of transmission provided for and properly addressed and, in the case of an instrument, to an address specified thereon or otherwise agreed, or if there be none to any address reasonable under the circumstances; or

(2) In any other way to cause to be received any record or notice within the time it would have arrived if properly sent.

(kk) “Signed” includes using any symbol executed or adopted with present intention to adopt or accept a writing.

(ll) “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(mm) “Surety” includes a guarantor or other secondary obligor.

(nn) “Term” means a portion of an agreement that relates to a particular matter.

(oo) “Unauthorized signature” means a signature made without actual, implied, or apparent authority. The term includes a forgery.

(pp) “Warehouse receipt” means a document of title issued by a person engaged in the business of storing goods for hire.

(qq) “Writing” includes printing, typewriting, or any other intentional reduction to tangible form. “Written” has a corresponding meaning.

Sec. 10. 1. *Subject to subsection 6, a person has “notice” of a fact if the person:*

(a) Has actual knowledge of it;

(b) Has received a notice or notification of it; or

(c) From all the facts and circumstances known to the person at the time in question, has reason to know that it exists.

2. *“Knowledge” means actual knowledge. “Knows” has a corresponding meaning.*

3. “Discover”, “learn”, or words of similar import refer to knowledge rather than to reason to know.

4. A person “notifies” or “gives” a notice or notification to another person by taking such steps as may be reasonably required to inform the other person in ordinary course, whether or not the other person actually comes to know of it.

5. Subject to subsection 6, a person “receives” a notice or notification when:

(a) It comes to that person’s attention; or

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

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

Sec. 11. 1. Whether a transaction in the form of a lease creates a lease or security interest is determined by the facts of each case.

2. A transaction in the form of a lease creates a security interest if the consideration that the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease and is not subject to termination by the lessee, and:

(a) The original term of the lease is equal to or greater than the remaining economic life of the goods;

(b) The lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods;

(c) The lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement; or

(d) The lessee has an option to become the owner of the goods for no additional consideration or for nominal additional consideration upon compliance with the lease agreement.

3. A transaction in the form of a lease does not create a security interest merely because:

(a) The present value of the consideration the lessee is obligated to pay the lessor for the right to possession and use of the goods is substantially equal to or is greater than the fair market value of the goods at the time the lease is entered into;

(b) The lessee assumes risk of loss of the goods;

(c) The lessee agrees to pay, with respect to the goods, taxes, insurance, filing, recording, or registration fees, or service or maintenance costs;

(d) The lessee has an option to renew the lease or to become the owner of the goods;

(e) The lessee has an option to renew the lease for a fixed rent that is equal to or greater than the reasonably predictable fair market rent for the use of the goods for the term of the renewal at the time the option is to be performed; or

(f) The lessee has an option to become the owner of the goods for a fixed price that is equal to or greater than the reasonably predictable fair market value of the goods at the time the option is to be performed.

4. Additional consideration is nominal if it is less than the lessee's reasonably predictable cost of performing under the lease agreement if the option is not exercised. Additional consideration is not nominal if:

(a) When the option to renew the lease is granted to the lessee, the rent is stated to be the fair market rent for the use of the goods for the term of the renewal determined at the time the option is to be performed; or

(b) When the option to become the owner of the goods is granted to the lessee, the price is stated to be the fair market value of the goods determined at the time the option is to be performed.

5. The "remaining economic life of the goods" and "reasonably predictable" fair market rent, fair market value, or cost of performing under the lease agreement must be determined with reference to the facts and circumstances at the time the transaction is entered into.

Sec. 12. *Except as otherwise provided in Articles 3, 4, and 5, a person gives value for rights if the person acquires them:*

1. In return for a binding commitment to extend credit or for the extension of immediately available credit, whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection;

2. As security for, or in total or partial satisfaction of, a preexisting claim;

3. By accepting delivery under a preexisting contract for purchase; or

4. In return for any consideration sufficient to support a simple contract.

Sec. 13. 1. Whether a time for taking an action required by the Uniform Commercial Code is reasonable depends on the nature, purpose, and circumstances of the action.

2. An action is taken seasonably if it is taken at or within the time agreed or, if no time is agreed, at or within a reasonable time.

Sec. 14. Whenever the Uniform Commercial Code creates a "presumption" with respect to a fact, or provides that a fact is "presumed", the trier of fact must find the existence of the fact unless and until evidence is introduced that supports a finding of its nonexistence.

Sec. 15. 1. Except as otherwise provided in this section, when a transaction bears a reasonable relation to this State and also to another state or nation the parties may agree that the law either of this State or of such other state or nation shall govern their rights and duties.

2. In the absence of an agreement effective under subsection 1, and except as otherwise provided in subsection 3, the Uniform Commercial Code applies to transactions bearing an appropriate relation to this State.

3. If one of the following provisions of the Uniform Commercial Code specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law so specified:

(a) NRS 104.2402;

(b) NRS 104.4102;

(c) NRS 104.5116;

(d) NRS 104.8110;

(e) NRS 104.9301 to 104.9307, inclusive;

(f) NRS 104A.2105 and 104A.2106; and

(g) NRS 104A.4507.

Sec. 16. 1. Except as otherwise provided in subsection 2 or elsewhere in the Uniform Commercial Code, the effect of provisions of the Uniform Commercial Code may be varied by agreement.

2. The obligations of good faith, diligence, reasonableness, and care prescribed by the Uniform Commercial Code may not be disclaimed by agreement. The parties, by agreement, may determine the standards by which the performance of those obligations is to be measured if those standards are not manifestly unreasonable. Whenever the Uniform Commercial Code requires

an action to be taken within a reasonable time, a time that is not manifestly unreasonable may be fixed by agreement.

3. The presence in certain provisions of the Uniform Commercial Code of the phrase “unless otherwise agreed”, or words of similar import, does not imply that the effect of other provisions may not be varied by agreement under this section.

Sec. 17. 1. *A “course of performance” is a sequence of conduct between the parties to a particular transaction that exists if:*

(a) The agreement of the parties with respect to the transaction involves repeated occasions for performance by a party; and

(b) The other party, with knowledge of the nature of the performance and opportunity for objection to it, accepts the performance or acquiesces in it without objection.

2. A “course of dealing” is a sequence of conduct concerning previous transactions between the parties to a particular transaction that is fairly to be regarded as establishing a common basis of understanding for interpreting their expressions and other conduct.

3. A “usage of trade” is any practice or method of dealing having such regularity of observance in a place, vocation, or trade as to justify an expectation that it will be observed with respect to the transaction in question. The existence and scope of such a usage must be proved as facts. If it is established that such a usage is embodied in a trade code or similar record, the interpretation of the record is a question of law.

4. A course of performance or course of dealing between the parties or usage of trade in the vocation or trade in which they are engaged or of which they are or should be aware is relevant in ascertaining the meaning of the parties’ agreement, may give particular meaning to specific terms of the agreement, and may supplement or qualify the terms of the agreement. A usage of trade applicable in the place in which part of the performance under the agreement is to occur may be so utilized as to that part of the performance.

5. Except as otherwise provided in subsection 6, the express terms of an agreement and any applicable course of performance, course of dealing, or usage of trade must be construed whenever reasonable as consistent with each other. If such a construction is unreasonable:

(a) Express terms prevail over course of performance, course of dealing, and usage of trade;

(b) Course of performance prevails over course of dealing and usage of trade; and

(c) Course of dealing prevails over usage of trade.

6. *Subject to NRS 104.2209, a course of performance is relevant to show a waiver or modification of any term inconsistent with the course of performance.*

7. *Evidence of a relevant usage of trade offered by one party is not admissible unless that party has given the other party notice that the court finds sufficient to prevent unfair surprise to the other party.*

Sec. 18. *Every contract or duty within the Uniform Commercial Code imposes an obligation of good faith in its performance and enforcement.*

Sec. 19. 1. *The remedies provided by the Uniform Commercial Code must be liberally administered to the end that the aggrieved party may be put in as good a position as if the other party had fully performed but neither consequential or special damages nor penal damages may be had except as specifically provided in the Uniform Commercial Code or by other rule of law.*

2. *Any right or obligation declared by the Uniform Commercial Code is enforceable by action unless the provision declaring it specifies a different and limited effect.*

Sec. 20. *A claim or right arising out of an alleged breach may be discharged in whole or in part without consideration by agreement of the aggrieved party in an authenticated record.*

Sec. 21. *A document in due form purporting to be a bill of lading, policy or certificate of insurance, official weigher's or inspector's certificate, consular invoice, or any other document authorized or required by the contract to be issued by a third party is prima facie evidence of its own authenticity and genuineness and of the facts stated in the document by the third party.*

Sec. 22. 1. *A party that with explicit reservation of rights performs or promises performance or assents to performance in a manner demanded or offered by the other party does not thereby prejudice the rights reserved. Such words as "without prejudice", "under protest", or the like are sufficient.*

2. *Subsection 1 does not apply to an accord and satisfaction.*

Sec. 23. *A term providing that one party or that party's successor in interest may accelerate payment or performance or require collateral or additional collateral "at will" or when the party "deems itself insecure," or words of similar import, means that the party has power to do so only if that party in good faith believes that the prospect of payment or performance is impaired. The burden of establishing lack of good faith is on the party against which the power has been exercised.*

Sec. 24. *An obligation may be issued as subordinated to performance of another obligation of the person obligated, or a creditor may subordinate its right to performance of an obligation by agreement with either the person obligated or another creditor*

of the person obligated. Subordination does not create a security interest as against either the common debtor or a subordinated creditor.

Sec. 25. *This Article may be cited as Uniform Commercial Code—Documents of Title.*

Sec. 26. 1. *In this Article, unless the context otherwise requires:*

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

(b) *“Carrier” means a person that issues a bill of lading.*

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

(d) *“Consignor” means a person named in a bill of lading as the person from whom the goods have been received for shipment.*

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

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

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

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

(i) *“Sign” means, with present intent to authenticate or adopt a record:*

(1) *To execute or adopt a tangible symbol; or*

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

(j) *“Shipper” means a person that enters into a contract of transportation with a carrier.*

(k) *“Warehouse” means a person engaged in the business of storing goods for hire.*

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

(a) *“Contract for sale”, NRS 104.2106.*

(b) “Lessee in the ordinary course of business”, NRS 104A.2103.

(c) “Receipt” of goods, NRS 104.2103.

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

Sec. 27. 1. This Article is subject to any treaty or statute of the United States or regulatory statute of this state to the extent the treaty, statute, or regulatory statute is applicable.

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

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

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

Sec. 28. 1. Except as otherwise provided in subsection 3, a document of title is negotiable if by its terms the goods are to be delivered to bearer or to the order of a named person.

2. A document of title other than one described in subsection 1 is nonnegotiable. A bill of lading that states that the goods are consigned to a named person is not made negotiable by a provision that the goods are to be delivered only against an order in a record signed by the same or another named person.

3. A document of title is nonnegotiable if, at the time it is issued, the document has a conspicuous legend, however expressed, that it is nonnegotiable.

Sec. 29. 1. Upon request of a person entitled under an electronic document of title, the issuer of the electronic document may issue a tangible document of title as a substitute for the electronic document if:

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

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

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

(a) The electronic document ceases to have any effect or validity; and

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

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

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

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

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

(a) The tangible document ceases to have any effect or validity; and

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

Sec. 30. *1. A person has control of an electronic document of title if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to whom the electronic document was issued or transferred.*

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

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

(b) The authoritative copy identifies the person asserting control as:

(1) The person to whom the document was issued; or

(2) If the authoritative copy indicates that the document has been transferred, the person to whom the document was most recently transferred;

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

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

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

(f) Any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

Sec. 31. *1. A warehouse receipt may be issued by any warehouse.*

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

Sec. 32. *1. A warehouse receipt need not be in any particular form.*

2. Unless a warehouse receipt provides for each of the following, the warehouse is liable for damages caused to a person injured by its omission:

(a) A statement of the location of the warehouse facility where the goods are stored;

(b) The date of issue of the receipt;

(c) The unique identification code of the receipt;

(d) A statement whether the goods received will be delivered to the bearer, to a named person, or to a named person or its order;

(e) The rate of storage and handling charges, unless goods are stored under a field warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable receipt;

(f) A description of the goods or the packages containing them;

(g) The signature of the warehouse or its agent;

(h) If the receipt is issued for goods that the warehouse owns, either solely, jointly, or in common with others, a statement of the fact of that ownership; and

(i) A statement of the amount of advances made and of liabilities incurred for which the warehouse claims a lien or security interest, unless the precise amount of advances made or liabilities incurred, at the time of the issue of the receipt, is unknown to the warehouse or to its agent that issued the receipt, in which case a statement of the fact that advances have been made or liabilities incurred and the purpose of the advances or liabilities is sufficient.

3. A warehouse may insert in its receipt any terms that are not contrary to the Uniform Commercial Code and do not impair

its obligation of delivery under section 52 of this act or its duty of care under section 34 of this act. Any contrary provision is ineffective.

Sec. 33. *A party to or purchaser for value in good faith of a document of title, other than a bill of lading, that relies upon the description of the goods in the document may recover from the issuer damages caused by the nonreceipt or misdescription of the goods, except to the extent that:*

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

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

Sec. 34. *1. A warehouse is liable for damages for loss of or injury to the goods caused by its failure to exercise care with regard to the goods that a reasonably careful person would exercise under similar circumstances. Unless otherwise agreed, the warehouse is not liable for damages that could not have been avoided by the exercise of that care.*

2. Damages may be limited by a term in the warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage beyond which the warehouse is not liable. Such a limitation is not effective with respect to the warehouse's liability for conversion to its own use. On request of the bailor in a record at the time of signing the storage agreement or within a reasonable time after receipt of the warehouse receipt, the warehouse's liability may be increased on part or all of the goods covered by the storage agreement or the warehouse receipt. In this event, increased rates may be charged based on an increased valuation of the goods.

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

Sec. 35. *A buyer in ordinary course of business of fungible goods sold and delivered by a warehouse that is also in the business of buying and selling such goods takes the goods free of any claim under a warehouse receipt even if the receipt is negotiable and has been duly negotiated.*

Sec. 36. *1. A warehouse, by giving notice to the person on whose account the goods are held and any other person known to claim an interest in the goods, may require payment of any charges and removal of the goods from the warehouse at the*

termination of the period of storage fixed by the document of title or, if a period is not fixed, within a stated period not less than 30 days after the warehouse gives notice. If the goods are not removed before the date specified in the notice, the warehouse may sell them pursuant to section 40 of this act.

2. If a warehouse in good faith believes that goods are about to deteriorate or decline in value to less than the amount of its lien within the time provided in subsection 1 and section 40 of this act, the warehouse may specify in the notice given under subsection 1 any reasonable shorter time for removal of the goods and, if the goods are not removed, may sell them at public sale held not less than 1 week after a single advertisement or posting.

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

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

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

Sec. 37. *1. Unless the warehouse receipt provides otherwise, a warehouse shall keep separate the goods covered by each receipt so as to permit at all times identification and delivery of those goods. However, different lots of fungible goods may be commingled.*

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

Sec. 38. *If a blank in a negotiable tangible warehouse receipt has been filled in without authority, a good-faith purchaser for value and without notice of the lack of authority may treat the insertion as authorized. Any other unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against the issuer according to its original tenor.*

Sec. 39. 1. *A warehouse has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for similar charges or expenses in relation to other goods whenever deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for charges and expenses in relation to other goods, the warehouse also has a lien against the goods covered by the warehouse receipt or storage agreement or on the proceeds thereof in its possession for those charges and expenses, whether or not the other goods have been delivered by the warehouse. However, as against a person to whom a negotiable warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the specific goods covered by the receipt subsequent to the date of the receipt.*

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

3. A warehouse's lien for charges and expenses under subsection 1 or a security interest under subsection 2 is also effective against any person that so entrusted the bailor with possession of the goods that a pledge of them by the bailor to a good-faith purchaser for value would have been valid. However, the lien or security interest is not effective against a person that before issuance of a document of title had a legal interest or a perfected security interest in the goods and that did not:

(a) Deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

(1) Actual or apparent authority to ship, store, or sell;

(2) Power to obtain delivery under section 52 of this act; or

(3) Power of disposition under NRS 104.2403, 104.9320, subsection 3 of NRS 104.9321, subsection 2 of NRS 104A.2304 or subsection 2 of NRS 104A.2305, or other statute or rule of law; or

(b) Acquiesce in the procurement by the bailor or its nominee of any document.

4. A warehouse's lien on household goods for charges and expenses in relation to the goods under subsection 1 is also effective against all persons if the depositor was the legal

possessor of the goods at the time of deposit. In this subsection, "household goods" means furniture, furnishings, or personal effects used by the depositor in a dwelling.

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

Sec. 40. *1. Except as otherwise provided in subsection 2, a warehouse's lien may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification must include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the warehouse is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The warehouse sells in a commercially reasonable manner if the warehouse sells the goods in the usual manner in any recognized market therefor, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.*

2. A warehouse may enforce its lien on goods, other than goods stored by a merchant in the course of its business, only if the following requirements are satisfied:

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

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

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

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

(e) After the expiration of the time given in the notification, an advertisement of the sale must be published once a week for 2 weeks consecutively in a newspaper of general circulation where the sale is to be held. The advertisement must include a description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale. The sale must take place at least 15 days after the first publication. If there is no newspaper of general circulation where the sale is to be held, the

advertisement must be posted at least 10 days before the sale in not fewer than six conspicuous places in the neighborhood of the proposed sale.

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

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

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

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

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

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

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

Sec. 41. *1. A consignee of a nonnegotiable bill of lading which has given value in good faith, or a holder to whom a negotiable bill has been duly negotiated, relying upon the description of the goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent that the bill indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, such as in a case in which the description is in terms of marks or labels or kind, quantity, or condition or the receipt or description is qualified by "contents or condition of contents of packages unknown", "said to contain", "shipper's weight, load, and count", or words of similar import, if that indication is true.*

2. If goods are loaded by the issuer of a bill of lading:

(a) The issuer shall count the packages of goods if shipped in packages and ascertain the kind and quantity if shipped in bulk; and

(b) Words such as “shipper’s weight, load, and count”, or words of similar import indicating that the description was made by the shipper are ineffective except as to goods concealed in packages.

3. If bulk goods are loaded by a shipper that makes available to the issuer of a bill of lading adequate facilities for weighing those goods, the issuer shall ascertain the kind and quantity within a reasonable time after receiving the shipper’s request in a record to do so. In that case, “shipper’s weight” or words of similar import are ineffective.

4. The issuer of a bill of lading, by including in the bill the words “shipper’s weight, load, and count”, or words of similar import, may indicate that the goods were loaded by the shipper, and, if that statement is true, the issuer is not liable for damages caused by the improper loading. However, omission of such words does not imply liability for damages caused by improper loading.

5. A shipper guarantees to an issuer the accuracy at the time of shipment of the description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in those particulars. This right of indemnity does not limit the issuer’s responsibility or liability under the contract of carriage to any person other than the shipper.

Sec. 42. 1. The issuer of a through bill of lading, or other document of title embodying an undertaking to be performed in part by a person acting as its agent or by a performing carrier, is liable to any person entitled to recover on the bill or other document for any breach by the other person or the performing carrier of its obligation under the bill or other document. However, to the extent that the bill or other document covers an undertaking to be performed overseas or in territory not contiguous to the continental United States or an undertaking including matters other than transportation, this liability for breach by the other person or the performing carrier may be varied by agreement of the parties.

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

3. The issuer of a through bill of lading or other document of title described in subsection 1 is entitled to recover from the

performing carrier, or other person in possession of the goods when the breach of the obligation under the bill or other document occurred:

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

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

Sec. 43. *1. Unless the bill of lading otherwise provides, a carrier may deliver the goods to a person or destination other than that stated in the bill or may otherwise dispose of the goods, without liability for misdelivery, on instructions from:*

(a) The holder of a negotiable bill;

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

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

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

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

Sec. 44. *1. Except as customary in international transportation, a tangible bill of lading may not be issued in a set of parts. The issuer is liable for damages caused by violation of this subsection.*

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

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

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

5. The bailee shall deliver in accordance with sections 50 to 53, inclusive, of this act against the first presented part of a

tangible bill of lading lawfully issued in a set. Delivery in this manner discharges the bailee's obligation on the whole bill.

Sec. 45. *1. Instead of issuing a bill of lading to the consignor at the place of shipment, a carrier, at the request of the consignor, may procure the bill to be issued at destination or at any other place designated in the request.*

2. Upon request of any person entitled as against a carrier to control the goods while in transit and on surrender of possession or control of any outstanding bill of lading or other receipt covering the goods, the issuer, subject to section 29 of this act, may procure a substitute bill to be issued at any place designated in the request.

Sec. 46. *An unauthorized alteration or filling in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.*

Sec. 47. *1. A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in its possession for charges after the date of the carrier's receipt of the goods for storage or transportation, including demurrage and terminal charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's lien is limited to charges stated in the bill or the applicable tariffs or, if no charges are stated, a reasonable charge.*

2. A lien for charges and expenses under subsection 1 on goods that the carrier was required by law to receive for transportation is effective against the consignor or any person entitled to the goods unless the carrier had notice that the consignor lacked authority to subject the goods to those charges and expenses. Any other lien under subsection 1 is effective against the consignor and any person that permitted the bailor to have control or possession of the goods unless the carrier had notice that the bailor lacked authority.

3. A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

Sec. 48. *1. A carrier's lien on goods may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification must include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the carrier is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The carrier sells*

goods in a commercially reasonable manner if the carrier sells the goods in the usual manner in any recognized market therefor, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.

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

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

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

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

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

7. A carrier's lien may be enforced pursuant to either subsection 1 or the procedure set forth in subsection 2 of section 40 of this act.

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

Sec. 49. *1. A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall exercise the degree of care in relation to the goods which a reasonably careful person would exercise under similar circumstances. This subsection does not affect any statute, regulation, or rule of law that imposes liability upon a common carrier for damages not caused by its negligence.*

2. Damages may be limited by a term in the bill of lading or in a transportation agreement that the carrier's liability may not exceed a value stated in the bill or transportation agreement if the carrier's rates are dependent upon value and the consignor is afforded an opportunity to declare a higher value and the consignor is advised of the opportunity. However, such a limitation is not effective with respect to the carrier's liability for conversion to its own use.

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

Sec. 50. The obligations imposed by this Article on an issuer apply to a document of title even if:

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

2. The issuer violated laws regulating the conduct of its business;

3. The goods covered by the document were owned by the bailee when the document was issued; or

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

Sec. 51. A duplicate or any other document of title purporting to cover goods already represented by an outstanding document of the same issuer does not confer any right in the goods, except as provided in the case of tangible bills of lading in a set of parts, overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to section 29 of this act. The issuer is liable for damages caused by its overissue or failure to identify a duplicate document by a conspicuous notation.

Sec. 52. 1. A bailee shall deliver the goods to a person entitled under a document of title if the person complies with subsections 2 and 3, unless and to the extent that the bailee establishes any of the following:

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

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

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

(d) The exercise by a seller of its right to stop delivery pursuant to NRS 104.2705 or by a lessor of its right to stop delivery pursuant to NRS 104A.2526;

(e) A diversion, reconsignment, or other disposition pursuant to section 43 of this act;

(f) Release, satisfaction, or any other personal defense against the claimant; or

(g) Any other lawful excuse.

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

3. *Unless a person claiming the goods is a person against whom the document of title does not confer a right under subsection 1 of section 56 of this act:*

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

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

Sec. 53. *A bailee that in good faith has received goods and delivered or otherwise disposed of the goods according to the terms of a document of title or pursuant to this Article is not liable for the goods even if:*

1. The person from whom the bailee received the goods did not have authority to procure the document or to dispose of the goods; or

2. The person to whom the bailee delivered the goods did not have authority to receive the goods.

Sec. 54. *1. The following rules apply to a negotiable tangible document of title:*

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

(b) If the document's original terms run to bearer, it is negotiated by delivery alone.

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

(d) Negotiation of the document after it has been endorsed to a named person requires endorsement by the named person and delivery.

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

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

(a) If the document's original terms run to the order of a named person or to bearer, the document is negotiated by delivery

of the document to another person. Endorsement by the named person is not required to negotiate the document.

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

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

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

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

Sec. 55. *1. Subject to sections 35 and 56 of this act, a holder to whom a negotiable document of title has been duly negotiated acquires thereby:*

(a) Title to the document;

(b) Title to the goods;

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

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

2. Subject to section 56 of this act, title and rights acquired by due negotiation are not defeated by any stoppage of the goods represented by the document of title or by surrender of the goods by the bailee and are not impaired even if:

(a) The due negotiation or any prior due negotiation constituted a breach of duty;

(b) Any person has been deprived of possession of a negotiable tangible document or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake, duress, loss, theft, or conversion; or

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

Sec. 56. 1. *A document of title confers no right in goods against a person that before issuance of the document had a legal interest or a perfected security interest in the goods and that did not:*

(a) Deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

(1) Actual or apparent authority to ship, store, or sell;

(2) Power to obtain delivery under section 52 of this act; or

(3) Power of disposition under NRS 104.2403, 104.9320, subsection 3 of NRS 104.9321, subsection 2 of NRS 104A.2304 or subsection 2 of NRS 104A.2305, or other statute or rule of law; or

(b) Acquire in the procurement by the bailor or its nominee of any document.

2. *Title to goods based upon an unaccepted delivery order is subject to the rights of any person to whom a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. That title may be defeated under section 57 of this act to the same extent as the rights of the issuer or a transferee from the issuer.*

3. *Title to goods based upon a bill of lading issued to a freight forwarder is subject to the rights of any person to whom a bill issued by the freight forwarder is duly negotiated. However, delivery by the carrier in accordance with sections 50 to 53, inclusive, of this act pursuant to its own bill of lading discharges the carrier's obligation to deliver.*

Sec. 57. 1. *A transferee of a document of title, whether negotiable or nonnegotiable, to whom the document has been delivered but not duly negotiated, acquires the title and rights that its transferor had or had actual authority to convey.*

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

(a) By those creditors of the transferor which could treat the transfer as void under NRS 104.2402 or 104A.2308;

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

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

(d) As against the bailee, by good-faith dealings of the bailee with the transferor.

3. *A diversion or other change of shipping instructions by the consignor in a nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee defeats the consignee's title to the goods if the goods have been delivered to a*

buyer in ordinary course of business or a lessee in ordinary course of business and, in any event, defeats the consignee's rights against the bailee.

4. Delivery of the goods pursuant to a nonnegotiable document of title may be stopped by a seller under NRS 104.2705 or a lessor under NRS 104A.2526, subject to the requirements of due notification in those sections. A bailee that honors the seller's or lessor's instructions is entitled to be indemnified by the seller or lessor against any resulting loss or expense.

Sec. 58. The endorsement of a tangible document of title issued by a bailee does not make the endorser liable for any default by the bailee or previous endorsers.

Sec. 59. The transferee of a negotiable tangible document of title has a specifically enforceable right to have its transferor supply any necessary endorsement, but the transfer becomes a negotiation only as of the time the endorsement is supplied.

Sec. 60. If a person negotiates or delivers a document of title for value, otherwise than as a mere intermediary under section 61 of this act, unless otherwise agreed, the transferor, in addition to any warranty made in selling or leasing the goods, warrants to its immediate purchaser only that:

- 1. The document is genuine;*
- 2. The transferor does not have knowledge of any fact that would impair the document's validity or worth; and*
- 3. The negotiation or delivery is rightful and fully effective with respect to the title to the document and the goods it represents.*

Sec. 61. A collecting bank or other intermediary known to be entrusted with documents of title on behalf of another or with collection of a draft or other claim against delivery of documents warrants by the delivery of the documents only its own good faith and authority even if the collecting bank or other intermediary has purchased or made advances against the claim or draft to be collected.

Sec. 62. Whether a document of title is adequate to fulfill the obligations of a contract for sale, a contract for lease, or the conditions of a letter of credit is determined by Article 2, 5, or 2A.

Sec. 63. 1. If a document of title is lost, stolen, or destroyed, a court may order delivery of the goods or issuance of a substitute document and the bailee may without liability to any person comply with the order. If the document was negotiable, a court may not order delivery of the goods or issuance of a substitute document without the claimant's posting security unless it finds that any person that may suffer loss as a result of nonsurrender of possession or control of the document is adequately protected against the loss. If the document was nonnegotiable, the court may

require security. The court may also order payment of the bailee's reasonable costs and attorney's fees in any action under this subsection.

2. A bailee that, without a court order, delivers goods to a person claiming under a missing negotiable document of title is liable to any person injured thereby. If the delivery is not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if the claimant posts security with the bailee in an amount at least double the value of the goods at the time of posting to indemnify any person injured by the delivery who files a notice of claim within 1 year after the delivery.

Sec. 64. *Unless a document of title was originally issued upon delivery of the goods by a person that did not have power to dispose of them, a lien does not attach by virtue of any judicial process to goods in the possession of a bailee for which a negotiable document of title is outstanding unless possession or control of the document is first surrendered to the bailee or the document's negotiation is enjoined. The bailee may not be compelled to deliver the goods pursuant to process until possession or control of the document is surrendered to the bailee or to the court. A purchaser of the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.*

Sec. 65. *If more than one person claims title to or possession of the goods, the bailee is excused from delivery until the bailee has a reasonable time to ascertain the validity of the adverse claims or to commence an action for interpleader. The bailee may assert an interpleader either in defending an action for nondelivery of the goods or by original action.*

Sec. 66. NRS 104.2103 is hereby amended to read as follows:

104.2103 1. In this Article unless the context otherwise requires:

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

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

~~—(e)]~~ "Receipt" of goods means taking physical possession of them.

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

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

"Acceptance." NRS 104.2606.

"Banker's credit." NRS 104.2325.

"Between merchants." NRS 104.2104.

“Cancellation.” Subsection 4 of NRS 104.2106.
“Commercial unit.” NRS 104.2105.
“Confirmed credit.” NRS 104.2325.
“Conforming to contract.” NRS 104.2106.
“Contract for sale.” NRS 104.2106.
“Cover.” NRS 104.2712.
“Entrusting.” NRS 104.2403.
“Financing agency.” NRS 104.2104.
“Future goods.” NRS 104.2105.
“Goods.” NRS 104.2105.
“Identification.” NRS 104.2501.
“Installment contract.” NRS 104.2612.
“Letter of credit.” NRS 104.2325.
“Lot.” NRS 104.2105.
“Merchant.” NRS 104.2104.
“Overseas.” NRS 104.2323.
“Person in position of seller.” NRS 104.2707.
“Present sale.” NRS 104.2106.
“Sale.” NRS 104.2106.
“Sale on approval.” NRS 104.2326.
“Sale or return.” NRS 104.2326.
“Termination.” NRS 104.2106.

3. ~~The~~ **“Control” as provided in section 30 of this act and** the following definitions in other Articles apply to this Article:

“Check.” NRS 104.3104.
“Consignee.” ~~NRS 104.7102.~~ **Section 26 of this act.**
“Consignor.” ~~NRS 104.7102.~~ **Section 26 of this act.**
“Consumer goods.” NRS 104.9102.
“Draft.” NRS 104.3104.

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

Sec. 67. NRS 104.2104 is hereby amended to read as follows:

104.2104 1. “Merchant” means a person who deals in goods of the kind or otherwise by his occupation holds himself out as having knowledge or skill peculiar to the practices or goods involved in the transaction or to whom such knowledge or skill may be attributed by his employment of an agent or broker or other intermediary who by his occupation holds himself out as having such knowledge or skill.

2. “Financing agency” means a bank, finance company or other person who in the ordinary course of business makes advances against goods or documents of title or who by arrangement with

either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the seller's draft or making advances against it or by merely taking it for collection whether or not documents of title accompany *or are associated with* the draft. "Financing agency" includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods (NRS 104.2707).

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

Sec. 68. NRS 104.2202 is hereby amended to read as follows:

104.2202 Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in writing intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement but may be explained or supplemented:

1. By *course of performance*, course of dealing or usage of trade [~~(NRS 104.1205) or by course of performance (NRS 104.2208);~~] (*section 17 of this act*); and

2. By evidence of consistent additional terms unless the court finds the writing to have been intended also as a complete and exclusive statement of the terms of the agreement.

Sec. 69. NRS 104.2310 is hereby amended to read as follows:

104.2310 Unless otherwise agreed:

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

2. If the seller is authorized to send the goods he may ship them under reservation, and may tender the documents of title, but the buyer may inspect the goods after their arrival before payment is due unless such inspection is inconsistent with the terms of the contract (NRS 104.2513); and

3. If delivery is authorized and made by way of documents of title otherwise than by subsection 2 then payment is due ~~[at]~~ *regardless of where the goods are to be received:*

(a) *At the time and place at which the buyer is to receive delivery of the tangible documents* [~~regardless of where the goods are to be received;~~]; or

(b) *At the time the buyer is to receive delivery of the electronic documents and at the seller's place of business or if none, the seller's residence;* and

4. Where the seller is required or authorized to ship the goods on credit the credit period runs from the time of shipment but

postdating the invoice or delaying its dispatch will correspondingly delay the starting of the credit period.

Sec. 70. NRS 104.2323 is hereby amended to read as follows:

104.2323 1. Where the contract contemplates overseas shipment and contains a term C.I.F. or C. & F. or F.O.B. vessel, the seller unless otherwise agreed must obtain a negotiable bill of lading stating that the goods have been loaded on board or, in the case of a term C.I.F. or C. & F., received for shipment.

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

(a) Due tender of a single part is acceptable within the provisions of this Article on cure of improper delivery (subsection 1 of NRS 104.2508); and

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

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

Sec. 71. NRS 104.2401 is hereby amended to read as follows:

104.2401 Each provision of this Article with regard to the rights, obligations and remedies of the seller, the buyer, purchasers or other third parties applies irrespective of title to the goods except where the provision refers to such title. Insofar as situations are not covered by the other provisions of this Article and matters concerning title become material the following rules apply:

1. Title to goods cannot pass under a contract for sale prior to their identification to the contract (NRS 104.2501), and unless otherwise explicitly agreed the buyer acquires by their identification a special property as limited by this chapter. Any retention or reservation by the seller of the title (property) in goods shipped or delivered to the buyer is limited in effect to a reservation of a security interest. Subject to these provisions and to the provisions of the Article on secured transactions (Article 9), title to goods passes from the seller to the buyer in any manner and on any conditions explicitly agreed on by the parties.

2. Unless otherwise explicitly agreed title passes to the buyer at the time and place at which the seller completes his performance with reference to the physical delivery of the goods, despite any reservation of a security interest and even though a document of title

is to be delivered at a different time or place; and in particular and despite any reservation of a security interest by the bill of lading:

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

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

3. Unless otherwise explicitly agreed where delivery is to be made without moving the goods:

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

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

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

Sec. 72. NRS 104.2503 is hereby amended to read as follows:

104.2503 1. Tender of delivery requires that the seller put and hold conforming goods at the buyer's disposition and give the buyer any notification reasonably necessary to enable him to take delivery. The manner, time and place for tender are determined by the agreement and this Article, and in particular:

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

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

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

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

4. Where goods are in the possession of a bailee and are to be delivered without being moved:

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

(b) Tender to the buyer of a nonnegotiable document of title or of a ~~written direction to~~ *record directing* the bailee to deliver is sufficient tender unless the buyer seasonably objects, and *except as*

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

5. Where the contract requires the seller to deliver documents:

(a) He must tender all such documents in correct form, except as provided in this Article with respect to bills of lading in a set (subsection 2 of NRS 104.2323); and

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

Sec. 73. NRS 104.2505 is hereby amended to read as follows:

104.2505 1. Where the seller has identified goods to the contract by or before shipment:

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

(b) A nonnegotiable bill of lading to himself or his nominee reserves possession of the goods as security but except in a case of conditional delivery (subsection 2 of NRS 104.2507) a nonnegotiable bill of lading naming the buyer as consignee reserves no security interest even though the seller retains possession *or control* of the bill of lading.

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

Sec. 74. NRS 104.2506 is hereby amended to read as follows:

104.2506 1. A financing agency by paying or purchasing for value a draft which relates to a shipment of goods acquires to the extent of the payment or purchase and in addition to its own rights under the draft and any document of title securing it any rights of the shipper in the goods including the right to stop delivery and the shipper's right to have the draft honored by the buyer.

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

Sec. 75. NRS 104.2509 is hereby amended to read as follows:

104.2509 1. Where the contract requires or authorizes the seller to ship the goods by carrier:

(a) If it does not require him to deliver them at a particular destination, the risk of loss passes to the buyer when the goods are duly delivered to the carrier even though the shipment is under reservation (NRS 104.2505); but

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

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

(a) On his receipt of *possession or control of* a negotiable document of title covering the goods; or

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

(c) After his receipt of *possession or control of* a nonnegotiable document of title or other ~~written~~ direction to deliver ~~it~~ *in a record*, as provided in paragraph (b) of subsection 4 of NRS 104.2503.

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

4. The provisions of this section are subject to contrary agreement of the parties and to the provisions of this Article on sale on approval (NRS 104.2327) and on effect of breach on risk of loss (NRS 104.2510).

Sec. 76. NRS 104.2605 is hereby amended to read as follows:

104.2605 1. The buyer's failure to state in connection with rejection a particular defect which is ascertainable by reasonable inspection precludes him from relying on the unstated defect to justify rejection or to establish breach:

(a) Where the seller could have cured it if stated seasonably; or

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

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

Sec. 77. NRS 104.2705 is hereby amended to read as follows:

104.2705 1. The seller may stop delivery of goods in the possession of a carrier or other bailee when he discovers the buyer to be insolvent (NRS 104.2702) and may stop delivery of carload,

truckload, planeload or larger shipments of express or freight when the buyer repudiates or fails to make a payment due before delivery or if for any other reason the seller has a right to withhold or reclaim the goods.

2. As against such buyer the seller may stop delivery until:

- (a) Receipt of the goods by the buyer; or
- (b) Acknowledgment to the buyer by any bailee of the goods except a carrier that the bailee holds the goods for the buyer; or
- (c) Such acknowledgment to the buyer by a carrier by reshipment or as ~~{warehouseman;}~~ *a warehouse*; or
- (d) Negotiation to the buyer of any negotiable document of title covering the goods.

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

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

~~{(c)}~~ If a negotiable document of title has been issued for goods the bailee is not obligated to obey a notification to stop until surrender of *possession or control of* the document.

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

Sec. 78. NRS 104.3103 is hereby amended to read as follows:

104.3103 1. In this Article:

- (a) "Acceptor" means a drawee who has accepted a draft.
- (b) "Drawee" means a person ordered in a draft to make payment.
- (c) "Drawer" means a person who signs or is identified in a draft as a person ordering payment.
- (d) ~~["Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing.~~
- ~~—(e)~~ "Maker" means a person who signs or is identified in a note as a person undertaking to pay.

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

~~{(g)}~~ (f) "Ordinary care" in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which he is located, with respect to the business in which he is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to

examine the instrument if the failure to examine does not violate its prescribed procedures and its procedures do not vary unreasonably from general banking usage not disapproved by this Article or Article 4.

~~[(h)]~~ (g) "Party" means a party to an instrument.

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

~~[(j)]~~ (i) "Prove" with respect to a fact means to meet the burden of establishing the fact ~~[(subsection 8 of NRS 104.1201):~~

~~—(k)] paragraph (h) of subsection 2 of section 9 of this act).~~

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

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

- "Acceptance." NRS 104.3409.
- "Accommodated party." NRS 104.3419.
- "Accommodation party." NRS 104.3419.
- "Alteration." NRS 104.3407.
- "Anomalous endorsement." NRS 104.3205.
- "Blank endorsement." NRS 104.3205.
- "Cashier's check." NRS 104.3104.
- "Certificate of deposit." NRS 104.3104.
- "Certified check." NRS 104.3409.
- "Check." NRS 104.3104.
- "Consideration." NRS 104.3303.
- "Draft." NRS 104.3104.
- "Endorsement." NRS 104.3204.
- "Endorser." NRS 104.3204.
- "Holder in due course." NRS 104.3302.
- "Incomplete instrument." NRS 104.3115.
- "Instrument." NRS 104.3104.
- "Issue." NRS 104.3105.
- "Issuer." NRS 104.3105.
- "Negotiable instrument." NRS 104.3104.
- "Negotiation." NRS 104.3201.
- "Note." NRS 104.3104.
- "Payable at a definite time." NRS 104.3108.
- "Payable on demand." NRS 104.3108.
- "Payable to bearer." NRS 104.3109.
- "Payable to order." NRS 104.3109.
- "Payment." NRS 104.3602.
- "Person entitled to enforce." NRS 104.3301.

“Presentment.” NRS 104.3501.
“Reacquisition.” NRS 104.3207.
“Special endorsement.” NRS 104.3205.
“Teller’s check.” NRS 104.3104.
“Transfer of instrument.” NRS 104.3203.
“Traveler’s check.” NRS 104.3104.
“Value.” NRS 104.3303.

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

“Bank.” NRS 104.4105.
“Banking day.” NRS 104.4104.
“Clearinghouse.” NRS 104.4104.
“Collecting bank.” NRS 104.4105.
“Customer.” NRS 104.4104.
“Depository bank.” NRS 104.4105.
“Documentary draft.” NRS 104.4104.
“Intermediary bank.” NRS 104.4105.
“Item.” NRS 104.4104.
“Payor bank.” NRS 104.4105.
“Suspends payments.” NRS 104.4104.

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

Sec. 79. NRS 104.4104 is hereby amended to read as follows:

104.4104 1. In this Article, unless the context otherwise requires:

(a) “Account” means any deposit or credit account with a bank including a demand, time, savings, passbook, share draft or like account, other than an account evidenced by a certificate of deposit.

(b) “Afternoon” means the period of a day between noon and midnight.

(c) “Banking day” means that part of any day on which a bank is open to the public for carrying on substantially all of its banking functions.

(d) “Clearinghouse” means any association of banks or other payors regularly clearing items.

(e) “Customer” means any person having an account with a bank or for whom a bank has agreed to collect items, including a bank that maintains an account at another bank.

(f) “Documentary draft” means a draft to be presented for acceptance or payment if specified documents, certificated securities or instructions for uncertificated securities, or other certificates,

statements or the like are to be received by the drawee or other payor before acceptance or payment of the draft.

(g) "Draft" means a draft as defined in NRS 104.3104 or an item, other than an instrument, that is an order.

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

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

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

(k) "Settle" means to pay in cash, by clearinghouse settlement, in a charge or credit or by remittance, or otherwise as instructed. A settlement may be either provisional or final.

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

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

"Agreement for electronic presentment." NRS 104.4110.

"Bank." NRS 104.4105.

"Collecting bank." NRS 104.4105.

"Depository bank." NRS 104.4105.

"Intermediary bank." NRS 104.4105.

"Payor bank." NRS 104.4105.

"Presenting bank." NRS 104.4105.

"Presentment notice." NRS 104.4110.

3. ~~The~~ *"Control" as provided in section 30 of this act and the* following definitions in other Articles apply to this Article:

"Acceptance." NRS 104.3409.

"Alteration." NRS 104.3407.

"Cashier's check." NRS 104.3104.

"Certificate of deposit." NRS 104.3104.

"Certified check." NRS 104.3409.

"Check." NRS 104.3104.

~~["Good faith." NRS 104.3103.]~~

"Holder in due course." NRS 104.3302.

"Instrument." NRS 104.3104.

"Notice of dishonor." NRS 104.3503.

- “Order.” NRS 104.3103.
- “Ordinary care.” NRS 104.3103.
- “Person entitled to enforce.” NRS 104.3301.
- “Presentment.” NRS 104.3501.
- “Promise.” NRS 104.3103.
- “Prove.” NRS 104.3103.
- “Teller’s check.” NRS 104.3104.
- “Unauthorized signature.” NRS 104.3403.

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

Sec. 80. NRS 104.4210 is hereby amended to read as follows:

104.4210 1. A collecting bank has a security interest in an item and any accompanying documents or the proceeds of either:

- (a) In case of an item deposited in an account to the extent to which credit given for the item has been withdrawn or applied;
- (b) In case of an item for which it has given credit available for withdrawal as of right, to the extent of the credit given, whether or not the credit is drawn upon or there is a right of charge-back; or
- (c) If it makes an advance on or against the item.

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

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

- (a) No security agreement is necessary to make the security interest enforceable (subparagraph (1) of paragraph (c) of subsection 2 of NRS 104.9203);
- (b) No filing is required to perfect the security interest; and
- (c) The security interest has priority over conflicting perfected security interests in the item, accompanying documents, or proceeds.

Sec. 81. NRS 104.5103 is hereby amended to read as follows:

104.5103 1. This Article applies to letters of credit and to certain rights and obligations arising out of transactions involving letters of credit.

2. The statement of a rule in this Article does not by itself require, imply or negate application of the same or a different rule to

a situation not provided for, or to a person not specified, in this Article.

3. Except as otherwise provided in this subsection, subsections 1 and 4 of this section, paragraphs (i) and (j) of subsection 1 of NRS 104.5102, subsection 4 of NRS 104.5106 and subsection 4 of NRS 104.5114, and except to the extent prohibited in ~~subsection 3 of NRS 104.1102 and~~ subsection 4 of NRS 104.5117 ~~and section 16 of this act~~, the effect of this Article may be varied by agreement or by a provision stated or incorporated by reference in an undertaking. A term in an agreement or undertaking generally excusing liability or generally limiting remedies for failure to perform obligations is not sufficient to vary obligations prescribed by this Article.

4. Rights and obligations of an issuer to a beneficiary or a nominated person under a letter of credit are independent of the existence, performance or nonperformance of a contract or arrangement out of which the letter of credit arises or which underlies it, including contracts or arrangements between the issuer and the applicant and between the applicant and the beneficiary.

Sec. 82. NRS 104.8102 is hereby amended to read as follows:

104.8102 1. In this Article:

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

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

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

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

(e) "Clearing corporation" means:

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

(2) A Federal Reserve bank; or

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

(f) “Communicate” means to:
(1) Send a signed writing; or
(2) Transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.

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

(h) “Entitlement holder” means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of paragraph (a) or (b) of subsection 2 of NRS 104.8501, he is the entitlement holder.

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

(j) “Financial asset,” except as otherwise provided in NRS 104.8103, means:

(1) A security;

(2) An obligation of a person or a share, participation or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or

(3) Any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.

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

(k) ~~“Good faith,” for purposes of the obligation of good faith in the performance or enforcement of contracts or duties within this Article, means honesty in fact and the observance of reasonable commercial standards of fair dealing.~~

~~(4)~~ “Instruction” means a notification communicated to the issuer of an uncertificated security which directs that the transfer of the security be registered or that the security be redeemed.

~~(m)~~ (l) “Registered form,” as applied to a certificated security, means a form in which:

(1) The security certificate specifies a person entitled to the security; and

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

~~(m)~~ (m) “Securities intermediary” means:

(1) A clearing corporation; or

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

~~(n)~~ (n) “Security,” except as otherwise provided in NRS 104.8103, means an obligation of an issuer or a share, participation or other interest in an issuer or in property or an enterprise of an issuer:

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

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

(3) Which:

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

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

~~(o)~~ (o) “Security certificate” means a certificate representing a security.

~~(p)~~ (p) “Security entitlement” means the rights and property interest of an entitlement holder with respect to a financial asset specified in part 5 of this Article.

~~(q)~~ (q) “Uncertificated security” means a security that is not represented by a certificate.

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

“Appropriate person.” NRS 104.8107.

“Control.” NRS 104.8106.

“Delivery.” NRS 104.8301.

“Investment company security.” NRS 104.8103.

“Issuer.” NRS 104.8201.

“Overissue.” NRS 104.8210.

“Protected purchaser.” NRS 104.8303.

“Securities account.” NRS 104.8501.

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

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

Sec. 83. NRS 104.8103 is hereby amended to read as follows:

104.8103 1. A share or similar equity interest issued by a corporation, business trust, joint stock company or similar entity is a security.

2. An investment company security is a security. “Investment company security” means a share or similar equity interest issued by an entity that is registered as an investment company under the federal investment company laws, an interest in a unit investment trust that is so registered or a face-amount certificate issued by a face-amount certificate company that is so registered. The term does not include an insurance policy or endowment policy or annuity contract issued by an insurance company.

3. An interest in a partnership or limited-liability company is not a security unless it is dealt in or traded on securities exchanges or in securities markets, its terms expressly provide that it is a security governed by this Article, or it is an investment company security. However, an interest in a partnership or limited-liability company is a financial asset if it is held in a securities account.

4. A writing that is a security certificate is governed by this Article and not by Article 3, even though it also meets the requirements of that Article. However, a negotiable instrument governed by Article 3 is a financial asset if it is held in a securities account.

5. An option or similar obligation issued by a clearing corporation to its participants is not a security, but is a financial asset.

6. A commodity contract, as defined in paragraph (o) of subsection 1 of NRS 104.9102, is not a security or a financial asset.

7. A document of title is not a financial asset unless subparagraph 3 of paragraph (j) of subsection 1 of NRS 104.8102 applies.

Sec. 84. NRS 104.9102 is hereby amended to read as follows:

104.9102 1. In this Article:

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

(b) “Account,” except as used in “account for,” means a right to payment of a monetary obligation, whether or not earned by performance, for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of; for services rendered or to be rendered; for a policy of insurance issued or to be issued; for a secondary obligation incurred or to be incurred; for energy provided

or to be provided; for the use or hire of a vessel under a charter or other contract; arising out of the use of a credit or charge card or information contained on or for use with the card; or as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes health-care-insurance receivables. The term does not include rights to payment evidenced by chattel paper or an instrument; commercial tort claims; deposit accounts; investment property; letter-of-credit rights or letters of credit; or rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

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

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

- (1) Authenticated by a secured party;
- (2) Indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and
- (3) Identifying the components of the obligations in reasonable detail.

(e) "Agricultural lien" means an interest, other than a security interest, in farm products:

(1) Which secures payment or performance of an obligation for:

- (I) Goods or services furnished in connection with a debtor's farming operation; or
- (II) Rent on real property leased by a debtor in connection with its farming operation;

(2) Which is created by statute in favor of a person that:

- (I) In the ordinary course of its business furnished goods or services to a debtor in connection with his farming operation; or
- (II) Leased real property to a debtor in connection with his farming operation; and

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

(f) "As-extracted collateral" means:

(1) Oil, gas or other minerals that are subject to a security interest that:

- (I) Is created by a debtor having an interest in the minerals before extraction; and
- (II) Attaches to the minerals as extracted; or

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

(g) "Authenticate" means:

(1) To sign; or

(2) To execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify himself and adopt or accept a record.

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

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

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

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

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

(1) Proceeds to which a security interest attaches;

(2) Accounts, chattel paper, payment intangibles and promissory notes that have been sold; and

(3) Goods that are the subject of a consignment.

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

(1) The claimant is an organization; or

(2) The claimant is a natural person and the claim:

(I) Arose in the course of his business or profession; and

(II) Does not include damages arising out of personal injury to or the death of a natural person.

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

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

(1) Traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or

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

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

(q) "Commodity intermediary" means a person that:

(1) Is registered as a futures commission merchant under federal commodities law; or

(2) In the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

(r) "Communicate" means:

(1) To send a written or other tangible record;

(2) To transmit a record by any means agreed upon by the persons sending and receiving the record; or

(3) In the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

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

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

(1) The merchant:

(I) Deals in goods of that kind under a name other than the name of the person making delivery;

(II) Is not an auctioneer; and

(III) Is not generally known by its creditors to be substantially engaged in selling the goods of others;

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

(3) The goods are not consumer goods immediately before delivery; and

(4) The transaction does not create a security interest that secures an obligation.

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

(v) “Consumer debtor” means a debtor in a consumer transaction.

(w) “Consumer goods” means goods that are used or bought for use primarily for personal, family or household purposes.

(x) “Consumer-goods transaction” means a consumer transaction to the extent that:

(1) A natural person incurs an obligation primarily for personal, family or household purposes; and

(2) A security interest in consumer goods or in consumer goods and software that is held or acquired primarily for personal, family or household purposes secures the obligation.

(y) “Consumer obligor” means an obligor who is a natural person and who incurred the obligation as part of a transaction entered into primarily for personal, family or household purposes.

(z) “Consumer transaction” means a transaction to the extent that a natural person incurs an obligation primarily for personal, family or household purposes; a security interest secures the obligation; and the collateral is held or acquired primarily for personal, family or household purposes. The term includes consumer-goods transactions.

(aa) “Continuation statement” means a change of a financing statement which:

(1) Identifies, by its file number, the initial financing statement to which it relates; and

(2) Indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(bb) “Debtor” means:

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

(2) A seller of accounts, chattel paper, payment intangibles or promissory notes; or

(3) A consignee.

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

(dd) “Document” means a document of title or a receipt of the type described in subsection 2 of ~~[NRS 104.7201.]~~ *section 31 of this act.*

(ee) “Electronic chattel paper” means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

(ff) “Encumbrance” means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

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

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

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

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

(jj) "File number" means the number assigned to an initial financing statement pursuant to subsection 1 of NRS 104.9519.

(kk) "Filing office" means an office designated in NRS 104.9501 as the place to file a financing statement.

(ll) "Filing-office rule" means a rule adopted pursuant to NRS 104.9526.

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

(nn) "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying subsections 1 and 2 of NRS 104.9502. The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

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

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

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

~~—(rr)]~~ "Goods" means all things that are movable when a security interest attaches. The term includes fixtures; standing timber that is to be cut and removed under a conveyance or contract for sale; the unborn young of animals; crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes; and

manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if the program is associated with the goods in such a manner that it customarily is considered part of the goods, or by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas or other minerals before extraction.

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

~~[(tt)]~~ *(ss)* “Health-care-insurance receivable” means an interest in or claim under a policy of insurance which is a right to payment of a monetary obligation for health-care goods or services provided.

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

~~[(vv)]~~ *(uu)* “Inventory” means goods, other than farm products, which:

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

~~[(ww)]~~ *(vv)* “Investment property” means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

~~[(xx)]~~ *(ww)* “Jurisdiction of organization,” with respect to a registered organization, means the jurisdiction under whose law the organization is organized.

~~[(yy)]~~ *(xx)* “Letter-of-credit right” means a right to payment or performance under a letter of credit, whether or not the beneficiary

has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

~~[(zz)]~~ **(yy)** “Lien creditor” means:

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

~~[(aaa)]~~ **(zz)** “Manufactured home” means a structure, transportable in one or more sections, which in the traveling mode, is 8 feet or more in body width or 40 feet or more in body length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States Secretary of Housing and Urban Development and complies with the standards established under Title 42 of the United States Code.

~~[(bbb)]~~ **(aaa)** “Manufactured-home transaction” means a secured transaction:

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

~~[(eee)]~~ **(bbb)** “Mortgage” means a consensual interest in real property, including fixtures, which is created by a mortgage, deed of trust, or similar transaction.

~~[(ddd)]~~ **(ccc)** “New debtor” means a person that becomes bound as debtor under subsection 4 of NRS 104.9203 by a security agreement previously entered into by another person.

~~[(eee)]~~ **(ddd)** “New value” means money; money’s worth in property, services or new credit; or release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

~~[(fff)]~~ **(eee)** “Noncash proceeds” means proceeds other than cash proceeds.

~~[(ggg)]~~ **(fff)** “Obligor” means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, owes payment or other performance of the obligation,

has provided property other than the collateral to secure payment or other performance of the obligation, or is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include an issuer or a nominated person under a letter of credit.

~~[(hhh)]~~ **(ggg)** “Original debtor” means, except as used in subsection 3 of NRS 104.9310, a person that, as debtor, entered into a security agreement to which a new debtor has become bound under subsection 4 of NRS 104.9203.

~~[(iii)]~~ **(hhh)** “Payment intangible” means a general intangible under which the account debtor’s principal obligation is a monetary obligation.

~~[(jii)]~~ **(iii)** “Person related to,” with respect to a natural person, means:

- (1) His spouse;
- (2) His brother, brother-in-law, sister or sister-in-law;
- (3) His or his spouse’s ancestor or lineal descendant; or
- (4) Any other relative, by blood or marriage, of the person or his spouse who shares the same home with him.

~~[(kkk)]~~ **(jii)** “Person related to,” with respect to an organization, means:

- (1) A person directly or indirectly controlling, controlled by or under common control with the organization;
- (2) An officer or director of, or a person performing similar functions with respect to, the organization;
- (3) An officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (1);
- (4) The spouse of a natural person described in subparagraph (1), (2) or (3); or
- (5) A person who is related by blood or marriage to a person described in subparagraph (1), (2), (3) or (4) and shares the same home with that person.

~~[(kkk)]~~ **(kkk)** “Proceeds” means, except as used in subsection 2 of NRS 104.9609, the following property:

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

~~[(mmm)]~~ (III) “Promissory note” means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

~~[(aaa)]~~ (mmm) “Proposal” means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to NRS 104.9620, 104.9621 and 104.9622.

~~[(ooo)]~~ (nnn) “Public-finance transaction” means a secured transaction in connection with which:

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

~~[(ppp)]~~ (ooo) “Pursuant to commitment,” with respect to an advance made or other value given by a secured party, means pursuant to the secured party’s obligation, whether or not a subsequent event of default or other event not within the secured party’s control has relieved or may relieve the secured party from its obligation.

~~[(qqq)]~~ (ppp) “Record,” except as used in “for record,” “of record,” “record or legal title,” and “record owner,” means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

~~[(rrr)]~~ (qqq) “Registered organization” means an organization organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized.

~~[(sss)]~~ (rrr) “Secondary obligor” means an obligor to the extent that:

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

~~[(ttt)]~~ (sss) “Secured party” means:

- (1) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;
- (2) A person that holds an agricultural lien;
- (3) A consignor;

(4) A person to which accounts, chattel paper, payment intangibles or promissory notes have been sold;

(5) A trustee, indenture trustee, agent, collateral agent or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(6) A person that holds a security interest arising under NRS 104.2401, 104.2505, subsection 3 of NRS 104.2711, NRS 104.4210, 104.5118 or subsection 5 of NRS 104A.2508.

~~[(uuu)]~~ *(ttt)* “Security agreement” means an agreement that creates or provides for a security interest.

~~[(vvv)]~~ *(uuu)* “Send,” in connection with a record or notification, means:

(1) To deposit in the mail, deliver for transmission or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or

(2) To cause the record or notification to be received within the time that it would have been received if properly sent under subparagraph (1).

~~[(www)]~~ *(vvv)* “Software” means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is contained in goods unless the goods are a computer or computer peripheral.

~~[(xxx)]~~ *(www)* “State” means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

~~[(yyy)]~~ *(xxx)* “Supporting obligation” means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, document, general intangible, instrument or investment property.

~~[(zzz)]~~ *(yyy)* “Tangible chattel paper” means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

~~[(aaa)]~~ *(zzz)* “Termination statement” means a subsequent filing which:

(1) Identifies, by its file number, the initial financing statement to which it relates; and

(2) Indicates either that it is a termination statement or that the identified financing statement is no longer effective.

~~[(bbb)]~~ *(aaa)* “Transmitting utility” means a person primarily engaged in the business of:

(1) Operating a railroad, subway, street railway or trolley bus;

- (2) Transmitting communications electrically, electromagnetically or by light;
- (3) Transmitting goods by pipeline;
- (4) Providing sewerage; or
- (5) Transmitting or producing and transmitting electricity, steam, gas or water.

2. ~~The~~ ***“Control” as provided in section 30 of this act and the*** following definitions in other Articles apply to this Article:

- “Applicant.” NRS 104.5102.
- “Beneficiary.” NRS 104.5102.
- “Broker.” NRS 104.8102.
- “Certificated security.” NRS 104.8102.
- “Check.” NRS 104.3104.
- “Clearing corporation.” NRS 104.8102.
- “Contract for sale.” NRS 104.2106.
- “Customer.” NRS 104.4104.
- “Entitlement holder.” NRS 104.8102.
- “Financial asset.” NRS 104.8102.
- “Holder in due course.” NRS 104.3302.
- ~~“Issuer.”~~ ***“Issuer” (with respect to a letter of credit or letter-of-credit right). NRS 104.5102.***
- “Issuer” (with respect to a security). NRS 104.8201.***
- “Issuer” (with respect to documents of title). Section 26 of this act.***
- “Lease.” NRS 104A.2103.
- “Lease agreement.” NRS 104A.2103.
- “Lease contract.” NRS 104A.2103.
- “Leasehold interest.” NRS 104A.2103.
- “Lessee.” NRS 104A.2103.
- “Lessee in ordinary course of business.” NRS 104A.2103.
- “Lessor.” NRS 104A.2103.
- “Lessor’s residual interest.” NRS 104A.2103.
- “Letter of credit.” NRS 104.5102.
- “Merchant.” NRS 104.2104.
- “Negotiable instrument.” NRS 104.3104.
- “Nominated person.” NRS 104.5102.
- “Note.” NRS 104.3104.
- “Proceeds of a letter of credit.” NRS 104.5114.
- “Prove.” NRS 104.3103.
- “Sale.” NRS 104.2106.
- “Securities account.” NRS 104.8501.
- “Securities intermediary.” NRS 104.8102.
- “Security.” NRS 104.8102.
- “Security certificate.” NRS 104.8102.

“Security entitlement.” NRS 104.8102.

“Uncertificated security.” NRS 104.8102.

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

Sec. 85. NRS 104.9203 is hereby amended to read as follows:

104.9203 1. A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

2. Except as otherwise provided in subsections 3 to 9, inclusive, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(a) Value has been given;

(b) The debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(c) One of the following conditions is met:

(1) The debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(2) The collateral is not a certificated security and is in the possession of the secured party under NRS 104.9313 pursuant to the debtor’s security agreement;

(3) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under NRS 104.8301 pursuant to the debtor’s security agreement; or

(4) The collateral is deposit accounts, electronic chattel paper, investment property, ~~or~~ letter-of-credit rights ~~or~~ *or electronic documents*, and the secured party has control under NRS 104.9104, 104.9105, 104.9106 or 104.9107 *or section 30 of this act* pursuant to the debtor’s security agreement.

3. Subsection 2 is subject to NRS 104.4210 on the security interest of a collecting bank, NRS 104.5118 on the security interest of a letter-of-credit issuer or nominated person, NRS 104.9110 on a security interest arising under Article 2 or 2A, and NRS 104.9206 on security interests in investment property.

4. A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this Article or by contract:

(a) The security agreement becomes effective to create a security interest in his property; or

(b) He becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

5. If a new debtor becomes bound as debtor by a security agreement entered into by another person:

(a) The agreement satisfies paragraph (c) of subsection 2 with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement; and

(b) Another agreement is not necessary to make a security interest in the property enforceable.

6. The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by NRS 104.9315 and is also attachment of a security interest in a supporting obligation for the collateral.

7. The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage or other lien.

8. The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

9. The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

Sec. 85.5. NRS 104.9207 is hereby amended to read as follows:

104.9207 1. Except as otherwise provided in subsection 4, a secured party shall use reasonable care in the custody and preservation of collateral in the secured party's possession. In the case of chattel paper or an instrument, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.

2. Except as otherwise provided in subsection 4, if a secured party has possession of collateral:

(a) Reasonable expenses, including the cost of insurance and payment of taxes or other charges, incurred in the custody, preservation, use or operation of the collateral are chargeable to the debtor and are secured by the collateral;

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

(c) The secured party shall keep the collateral identifiable, but fungible collateral may be commingled; and

(d) The secured party may use or operate the collateral:

(1) For the purpose of preserving the collateral or its value;

(2) As permitted by an order of a court having competent jurisdiction; or

(3) Except in the case of consumer goods, in the manner and to the extent agreed by the debtor.

3. Except as otherwise provided in subsection 4, a secured party having possession of collateral or control of collateral under NRS 104.9104, 104.9105, 104.9106 or 104.9107 ~~§~~ *or section 30 of this act:*

(a) May hold as additional security any proceeds, except money or funds, received from the collateral;

(b) Shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(c) May create a security interest in the collateral.

4. If the secured party is a buyer of accounts, chattel paper, payment intangibles or promissory notes or a consignor:

(a) Subsection 1 does not apply unless the secured party is entitled under an agreement:

(1) To charge back uncollected collateral; or

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

(b) Subsections 2 and 3 do not apply.

Sec. 86. NRS 104.9208 is hereby amended to read as follows:

104.9208 If there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations or otherwise give value, within 10 days after receiving an authenticated demand by the debtor:

1. A secured party having control of a deposit account under paragraph (b) of subsection 1 of NRS 104.9104 shall send to the bank with which the deposit account is maintained an authenticated statement that releases the bank from any further obligation to comply with instructions originated by the secured party;

2. A secured party having control of a deposit account under paragraph (c) of subsection 1 of NRS 104.9104 shall:

(a) Pay the debtor the balance on deposit in the deposit account; or

(b) Transfer the balance on deposit into a deposit account in the debtor's name;

3. A secured party, other than a buyer, having control of electronic chattel paper under NRS 104.9105 shall:

(a) Communicate the authoritative copy of the electronic chattel paper to the debtor or its designated custodian;

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

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

4. A secured party having control of investment property under paragraph (b) of subsection 4 of NRS 104.8106 or under subsection 2 of NRS 104.9106 shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party; ~~and~~

5. A secured party having control of a letter-of-credit right under NRS 104.9107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party ~~;~~

; and

6. A secured party having control of an electronic document shall:

(a) Give control of the electronic document to the debtor or its designated custodian;

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

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

Sec. 87. NRS 104.9301 is hereby amended to read as follows:

104.9301 Except as otherwise provided in NRS 104.9303 to 104.9306, inclusive, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

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

2. While collateral is located in a jurisdiction, the law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral.

3. Except as otherwise provided in subsections 4, 5 and 6, while *tangible* negotiable documents, goods, instruments, money or tangible chattel paper is located in a jurisdiction, the law of that jurisdiction governs the effect of perfection or nonperfection, and the priority of a nonpossessory security interest.

4. While goods are located in a jurisdiction, the law of that jurisdiction governs perfection of a security interest in the goods by a fixture filing.

5. The law of the jurisdiction in which timber to be cut is located governs perfection of a security interest in the timber.

6. The law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

Sec. 88. NRS 104.9310 is hereby amended to read as follows:

104.9310 1. Except as otherwise provided in subsection 2 or subsection 2 of NRS 104.9312, a financing statement must be filed to perfect all security interests and agricultural liens.

2. The filing of a financing statement is not necessary to perfect a security interest:

(a) That is perfected under subsection 4, 5, 6 or 7 of NRS 104.9308;

(b) That is perfected under NRS 104.9309 when it attaches;

(c) In property subject to a statute, regulation or treaty described in subsection 1 of NRS 104.9311;

(d) In goods in possession of a bailee which is perfected under paragraph (a) or (b) of subsection 4 of NRS 104.9312;

(e) In certificated securities, documents, goods or instruments which is perfected without filing, *control* or possession under subsection 5, 6 or 7 of NRS 104.9312;

(f) In collateral in the secured party's possession under NRS 104.9313;

(g) In a certificated security which is perfected by delivery of the security certificate to the secured party under NRS 104.9313;

(h) In deposit accounts, electronic chattel paper, *electronic documents*, investment property or letter-of-credit rights which is perfected by control under NRS 104.9314;

(i) In proceeds which is perfected under NRS 104.9315; or

(j) That is perfected under NRS 104.9316.

3. If a secured party assigns a perfected security interest or agricultural lien, a filing under this Article is not required to reconfirm the perfected status of the security interest against creditors of and transferees from the original debtor.

Sec. 89. NRS 104.9312 is hereby amended to read as follows:

104.9312 1. A security interest in chattel paper, negotiable documents, instruments or investment property may be perfected by filing.

2. Except as otherwise provided in subsections 3 and 4 of NRS 104.9315 for proceeds:

(a) A security interest in a deposit account may be perfected only by control under NRS 104.9314;

(b) A security interest in a letter-of-credit right may be perfected only by control under NRS 104.9314, except as otherwise provided in subsection 4 of NRS 104.9308; and

(c) A security interest in money may be perfected only by the secured party's taking possession under NRS 104.9313.

3. While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

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

(b) A security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

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

(a) Issuance of a document in the name of the secured party;

(b) The bailee's receipt of notification of the secured party's interest; or

(c) Filing as to the goods.

5. A security interest in certificated securities, negotiable documents or instruments is perfected without filing or the taking of possession *or control* for a period of 20 days after the time it attaches to the extent that it arises for new value given under an authenticated security agreement.

6. A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for 20 days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

(a) Ultimate sale or exchange; or

(b) Loading, unloading, storing, shipping, transshipping, manufacturing, processing or otherwise dealing with them in a manner preliminary to their sale or exchange.

7. A perfected security interest in a certificated security or instrument remains perfected for 20 days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

- (a) Ultimate sale or exchange; or
- (b) Presentation, collection, enforcement, renewal or registration of transfer.

8. After the 20-day period specified in subsection 5, 6 or 7 expires, perfection depends upon compliance with this Article.

Sec. 90. NRS 104.9313 is hereby amended to read as follows:

104.9313 1. Except as otherwise provided in subsection 2, a secured party may perfect a security interest in *tangible* negotiable documents, goods, instruments, money or tangible chattel paper by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under NRS 104.8301.

2. With respect to goods covered by a certificate of title issued by this State, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in subsection 5 of NRS 104.9316.

3. With respect to collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party or a lessee of the collateral from the debtor in the ordinary course of the debtor's business, when:

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

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

4. If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs no earlier than the time the secured party takes possession and continues only while he retains possession.

5. A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under NRS 104.8301 and remains perfected by delivery until the debtor obtains possession of the security certificate.

6. A person in possession of collateral is not required to acknowledge that it holds possession for a secured party's benefit.

7. If a person acknowledges that it holds possession for the secured party's benefit:

(a) The acknowledgment is effective under subsection 3 or subsection 1 of NRS 104.8301, even if the acknowledgment violates the rights of a debtor; and

(b) Unless the person otherwise agrees or law other than this Article otherwise provides, he does not owe any duty to the secured

party and is not required to confirm the acknowledgment to another person.

8. A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if he was instructed before the delivery or is instructed contemporaneously with the delivery:

(a) To hold possession of the collateral for the secured party's benefit; or

(b) To redeliver the collateral to the secured party.

9. A secured party does not relinquish possession, even if a delivery under subsection 8 violates the rights of a debtor. A person to which collateral is delivered under subsection 8 does not owe any duty to the secured party and is not required to confirm the delivery to another person unless he otherwise agrees or law other than this Article otherwise provides.

Sec. 91. NRS 104.9314 is hereby amended to read as follows:

104.9314 1. A security interest in investment property, deposit accounts, letter-of-credit rights, ~~or~~ electronic chattel paper *or electronic documents* may be perfected by control of the collateral under NRS 104.9104, 104.9105, 104.9106 or 104.9107 ~~or section 30 of this act.~~

2. A security interest in deposit accounts, *letter-of-credit rights*, electronic chattel paper or ~~letter-of-credit rights~~ *electronic documents* is perfected by control under NRS 104.9104, 104.9105 or 104.9107 *or section 30 of this act* when the secured party obtains control and remains perfected by control only while the secured party retains control.

3. A security interest in investment property is perfected by control under NRS 104.9106 from the time the secured party obtains control and remains perfected by control until:

(a) The secured party does not have control; and

(b) One of the following occurs:

(1) If the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(2) If the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or

(3) If the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

Sec. 92. NRS 104.9317 is hereby amended to read as follows:

104.9317 1. A security interest or agricultural lien is subordinate to the rights of:

(a) A person entitled to priority under NRS 104.9322; and

(b) A person that becomes a lien creditor before the earlier of the time:

(1) The security interest or agricultural lien is perfected; or

(2) One of the conditions specified in paragraph (c) of subsection 2 of NRS 104.9203 is met and a financing statement covering the collateral is filed.

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

3. Except as otherwise provided in subsection 5, a lessee of goods takes free of a security interest or agricultural lien if he gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

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

5. Except as otherwise provided in NRS 104.9320 and 104.9321, if a person files a financing statement with respect to a purchase-money security interest before or within 20 days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee or lien creditor which arise between the time the security interest attaches and the time of filing.

Sec. 93. NRS 104.9338 is hereby amended to read as follows:

104.9338 If a security interest or agricultural lien is perfected by a filed financing statement providing information described in paragraph (e) of subsection 2 of NRS 104.9516 which is incorrect at the time the financing statement is filed:

1. The security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and

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

Sec. 94. NRS 104.9601 is hereby amended to read as follows:

104.9601 1. After default, a secured party has the rights provided in this part and, except as otherwise provided in NRS 104.9602, those provided by agreement of the parties. A secured party:

(a) May reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(b) If the collateral is documents, may proceed either as to the documents or as to the goods they cover.

2. A secured party in possession of collateral or control of collateral under NRS 104.9104, 104.9105, 104.9106 or 104.9107 *or section 30 of this act* has the rights and duties provided in NRS 104.9207.

3. The rights under subsections 1 and 2 are cumulative and may be exercised simultaneously.

4. Except as otherwise provided in subsection 7 and NRS 104.9605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

5. If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(a) The date of perfection of the security interest or agricultural lien in the collateral;

(b) The date of filing a financing statement covering the collateral; or

(c) Any date specified in a statute under which the agricultural lien was created.

6. A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this Article.

7. Except as otherwise provided in subsection 3 of NRS 104.9607, this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles or promissory notes.

Sec. 95. NRS 104A.010 is hereby amended to read as follows:

104A.010 1. The provisions of ~~NRS 104.1101 to 104.1208, inclusive,~~ *sections 2 to 24, inclusive, of this act* apply to this chapter as if the provisions of this chapter were included in chapter 104 of NRS.

2. Unless limited by specific statute, a reference in NRS to the Uniform Commercial Code or to chapter 104 of NRS shall be deemed to refer to chapter 104 of NRS together with this chapter.

Sec. 96. NRS 104A.2103 is hereby amended to read as follows:

104A.2103 1. In this Article unless the context otherwise requires:

(a) "Buyer in ordinary course of business" means a person who, in good faith and without knowledge that the sale to him is in

violation of the ownership, rights or security interest or leasehold interest of a third party in the goods buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. "Buying" may be for cash or by exchange of other property or on secured or unsecured credit and includes ~~[receiving]~~ **acquiring** goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

(e) "Consumer lease" means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is a natural person and who takes under the lease primarily for a personal, family or household purpose.

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

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

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

(2) The lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and

(3) One of the following occurs:

(I) The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;

(II) The lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;

(III) The lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or

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

(h) "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures (NRS 104A.2309), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

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

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

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

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

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

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

(o) "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease to him is in

violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit and includes ~~receiving~~ **acquiring** goods or documents of title under a preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

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

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

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

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

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

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

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

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

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

- “Accessions.” NRS 104A.2310.
- “Construction mortgage.” NRS 104A.2309.
- “Encumbrance.” NRS 104A.2309.
- “Fixtures.” NRS 104A.2309.
- “Fixture filing.” NRS 104A.2309.
- “Purchase money lease.” NRS 104A.2309.

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

- “Account.” NRS 104.9102.
- “Between merchants.” NRS 104.2104.
- “Buyer.” NRS 104.2103.
- “Chattel paper.” NRS 104.9102.
- “Consumer goods.” NRS 104.9102.
- “Document.” NRS 104.9102.
- “Entrusting.” NRS 104.2403.
- “General intangible.” NRS 104.9102.
- ~~“Good faith.” NRS 104.2103.~~
- “Instrument.” NRS 104.9102.
- “Merchant.” NRS 104.2104.
- “Mortgage.” NRS 104.9102.
- “Pursuant to commitment.” NRS 104.9102.
- “Receipt.” NRS 104.2103.
- “Sale.” NRS 104.2106.
- “Sale on approval.” NRS 104.2326.
- “Sale or return.” NRS 104.2326.
- “Seller.” NRS 104.2103.

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

Sec. 97. NRS 104A.2501 is hereby amended to read as follows:

104A.2501 1. Whether the lessor or the lessee is in default under a lease contract is determined by the lease agreement and this Article.

2. If the lessor or the lessee is in default under the lease contract, the party seeking enforcement has rights and remedies as provided in this Article and, except as limited by this Article, as provided in the lease agreement.

3. If the lessor or the lessee is in default under the lease contract, the party seeking enforcement may reduce the party’s

claim to judgment, or otherwise enforce the lease contract by self-help or any available judicial procedure or nonjudicial procedure, including an administrative proceeding, arbitration or the like, in accordance with this Article.

4. Except as otherwise provided in subsection 1 of ~~NRS 104.1106~~ *section 19 of this act* or this Article or the lease agreement, the rights and remedies referred to in subsections 2 and 3 are cumulative.

5. If the lease agreement covers both real property and goods, the party seeking enforcement may proceed under this part as to the goods, or under other applicable law as to both the real property and the goods in accordance with his rights and remedies in respect of the real property, in which case this part does not apply.

Sec. 98. NRS 104A.2514 is hereby amended to read as follows:

104A.2514 1. In rejecting goods, a lessee's failure to state a particular defect that is ascertainable by reasonable inspection precludes the lessee from relying on the defect to justify rejection or to establish default:

(a) If, stated seasonably, the lessor or the supplier could have cured it (NRS 104A.2513); or

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

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

Sec. 99. NRS 104A.2518 is hereby amended to read as follows:

104A.2518 1. After default by a lessor under a lease contract of the type described in subsection 1 of NRS 104A.2508, or, if agreed after other default by the lessor, the lessee may cover by making any purchase or lease of or contract to purchase or lease goods in substitution for those due from the lessor.

2. Except as otherwise provided with respect to damages liquidated in the lease agreement (NRS 104A.2504) or otherwise determined pursuant to agreement of the parties (NRS 104A.2503 and ~~subsection 3 of NRS 104.1102~~), *section 16 of this act*, if a lessee's cover is by lease agreement substantially similar to the original lease agreement and the lease agreement is made in good faith and in a commercially reasonable manner, the lessee may recover from the lessor as damages:

(a) The present value, as of the date of the commencement of the term of the new lease agreement, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease

agreement minus the present value as of the same date of the total rent for the remaining lease term of the original lease agreement; and

(b) Any incidental or consequential damages less expenses saved in consequence of the lessor's default.

3. If a lessee's cover is by lease agreement that for any reason does not qualify for treatment under subsection 2, or is by purchase or otherwise, the lessee may recover from the lessor as if the lessee had elected not to cover and NRS 104A.2519 governs.

Sec. 100. NRS 104A.2519 is hereby amended to read as follows:

104A.2519 1. Except as otherwise provided with respect to damages liquidated in the lease agreement (NRS 104A.2504) or otherwise determined pursuant to agreement of the parties ~~[(subsection 3 of NRS 104.1102 and (NRS 104A.2503),]~~ *(NRS 104A.2503 and section 16 of this act)*, if a lessee elects not to cover or a lessee elects to cover and the cover is by lease agreement that for any reason does not qualify for treatment under subsection 2 of NRS 104A.2518, or is by purchase or otherwise, the measure of damages for nondelivery or repudiation by the lessor or for rejection or revocation of acceptance by the lessee is the present value, as of the date of the default, of the then market rent minus the present value as of the same date of the original rent, computed for the remaining lease term of the original lease agreement, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

2. Market rent is to be determined as of the place for tender or, in cases of rejection after arrival or revocation of acceptance, as of the place of arrival.

3. Except as otherwise agreed, if the lessee has accepted goods and given notification (subsection 3 of NRS 104A.2516), the measure of damages for nonconforming tender or delivery or other default by a lessor is the loss resulting in the ordinary course of events from the lessor's default as determined in any manner that is reasonable together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

4. Except as otherwise agreed, the measure of damages for breach of warranty is the present value at the time and place of acceptance of the difference between the value of the use of the goods accepted and the value if they had been as warranted for the lease term, unless special circumstances show proximate damages of a different amount, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default or breach of warranty.

Sec. 101. NRS 104A.2526 is hereby amended to read as follows:

104A.2526 1. A lessor may stop delivery of goods in the possession of a carrier or other bailee if the lessor discovers the lessee to be insolvent and may stop delivery of carload, truckload, planeload or larger shipments of express or freight if the lessee repudiates or fails to make a payment due before delivery, whether for rent, security or otherwise under the lease contract, or for any other reason the lessor has a right to withhold or take possession of the goods.

2. In pursuing its remedies under subsection 1, the lessor may stop delivery until:

(a) Receipt of the goods by the lessee;

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

(c) Such an acknowledgment to the lessee by a carrier via reshipment or as ~~warehouseman.~~

~~3. (a) a warehouse.~~

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

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

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

Sec. 102. NRS 104A.2527 is hereby amended to read as follows:

104A.2527 1. After a default by a lessee under the lease contract of the type described in subsection 1 or paragraph (a) of subsection 3 of NRS 104A.2523 or after the lessor refuses to deliver or takes possession of goods (NRS 104A.2525 or 104A.2526), or, if agreed, after other default by the lessee, the lessor may dispose of the goods concerned or the undelivered balance thereof by lease, sale or otherwise.

2. Except as otherwise provided with respect to damages liquidated in the lease agreement (NRS 104A.2504) or otherwise determined pursuant to agreement of the parties ~~[(subsection 3 of NRS 104.1102 and NRS 104A.2503),]~~ *(NRS 104A.2503 and section 16 of this act)*, if the disposition is by lease agreement substantially similar to the original lease agreement and the lease agreement is made in good faith and in a commercially reasonable manner, the lessor may recover from the lessee as damages:

(a) Accrued and unpaid rent as of the date of the commencement of the term of the new lease agreement;

(b) The present value, as of the same date, of the total rent for the then remaining lease term of the original lease agreement minus the present value, as of the same date, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement; and

(c) Any incidental damages allowed under NRS 104A.2530,
↳ less expenses saved in consequence of the lessee's default.

3. If the lessor's disposition is by lease agreement that for any reason does not qualify for treatment under subsection 2, or is by sale or otherwise, the lessor may recover from the lessee as if the lessor had elected not to dispose of the goods and NRS 104A.2528 governs.

4. A subsequent buyer or lessee who buys or leases from the lessor in good faith for value as a result of a disposition under this section takes the goods free of the original lease contract and any rights of the original lessee even though the lessor fails to comply with one or more of the requirements of this Article.

5. The lessor is not accountable to the lessee for any profit made on any disposition. A lessee who has rightfully rejected or justifiably revoked acceptance shall account to the lessor for any excess over the amount of the lessee's security interest (subsection 5 of NRS 104A.2508).

Sec. 103. NRS 104A.2528 is hereby amended to read as follows:

104A.2528 1. Except as otherwise provided with respect to damages liquidated in the lease agreement (NRS 104A.2504) or otherwise determined pursuant to agreement of the parties ~~[(subsection 3 of NRS 104.1102 and NRS 104A.2503),]~~ *(NRS 104A.2503 and section 16 of this act)*, if a lessor elects to retain the goods or a lessor elects to dispose of the goods and the disposition is by lease agreement that for any reason does not qualify for treatment under subsection 2 of NRS 104A.2527, or is by sale or otherwise, the lessor may recover from the lessee as damages for a default of the type described in subsection 1 or paragraph (a) of subsection 3 of NRS 104A.2523, or, if agreed, for other default of the lessee:

(a) Accrued and unpaid rent as of the date of default if the lessee has never taken possession of the goods, or, if the lessee has taken possession of the goods, as of the date the lessor repossesses the goods or an earlier date on which the lessee makes a tender of the goods to the lessor;

(b) The present value as of the date determined under paragraph (a) of the total rent for the then remaining lease term of the original lease agreement minus the present value as of the same date of the market rent at the place where the goods are located computed for the same lease term; and

(c) Any incidental damages allowed under NRS 104A.2530, less expenses saved in consequence of the lessee's default.

2. If the measure of damages provided in subsection 1 is inadequate to put a lessor in as good a position as performance would have, the measure of damages is the present value of the profit, including reasonable overhead, the lessor would have made from full performance by the lessee, together with any incidental damages allowed under NRS 104A.2530, due allowance for costs reasonably incurred and due credit for payments or proceeds of disposition.

Sec. 104. NRS 104A.4105 is hereby amended to read as follows:

104A.4105 1. In this Article:

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

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

(c) "Customer" means a person, including a bank, having an account with a bank or from whom a bank has agreed to receive payment orders.

(d) "Funds-transfer business day" of a receiving bank means the part of a day during which the receiving bank is open for the receipt, processing and transmittal of payment orders and cancellations and amendments of payment orders.

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

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

~~—(g) "Prove" with respect to a fact means to meet the burden of establishing the fact [(subsection 8 of NRS 104.1201).] (paragraph (h) of subsection 2 of section 9 of this act).~~

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

"Acceptance." NRS 104A.4209.

"Beneficiary." NRS 104A.4103.

"Beneficiary's bank." NRS 104A.4103.

“Executed.” NRS 104A.4301.
“Execution date.” NRS 104A.4301.
“Funds transfer.” NRS 104A.4104.
“Funds-transfer system rule.” NRS 104A.4501.
“Intermediary bank.” NRS 104A.4104.
“Originator.” NRS 104A.4104.
“Originator’s bank.” NRS 104A.4104.
“Payment by beneficiary’s bank to beneficiary.”
NRS 104A.4405.
“Payment by originator to beneficiary.” NRS 104A.4406.
“Payment by sender to receiving bank.” NRS 104A.4403.
“Payment date.” NRS 104A.4401.
“Payment order.” NRS 104A.4103.
“Receiving bank.” NRS 104A.4103.
“Security procedure.” NRS 104A.4201.
“Sender.” NRS 104A.4103.

3. The following definitions in Article 4 apply to this Article:

“Clearing house.” NRS 104.4104.
“Item.” NRS 104.4104.
“Suspends payments.” NRS 104.4104.

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

Sec. 105. NRS 104A.4106 is hereby amended to read as follows:

104A.4106 1. The time of receipt of a payment order or communication cancelling or amending a payment order is determined by the rules applicable to receipt of a notice stated in ~~{subsection 27 of NRS 104.1201.}~~ *section 10 of this act.* A receiving bank may fix a cutoff time or times of a funds-transfer business day for the receipt and processing of payment orders and communications cancelling or amending payment orders. Different cutoff times may apply to payment orders, cancellations or amendments, or to different categories of payment orders, cancellations or amendments. A cutoff time may apply to senders generally or different cutoff times may apply to different senders or categories of payment orders. If a payment order or communication cancelling or amending a payment order is received after the close of a funds-transfer business day or after the appropriate cutoff time on a funds-transfer business day, the receiving bank may treat the payment order or communication as received at the opening of the next funds-transfer business day.

2. If this Article refers to an execution date or payment date or states a day on which a receiving bank is required to take action, and the date or day does not fall on a funds-transfer business day, the next day that is a funds-transfer business day is treated as the date or day stated, unless the contrary is stated in this Article.

Sec. 106. NRS 104A.4204 is hereby amended to read as follows:

104A.4204 1. If a receiving bank accepts a payment order issued in the name of its customer as sender which is not authorized and not effective as the order of the customer under NRS 104A.4202, or not enforceable, in whole or in part, against the customer under NRS 104A.4203, the bank shall refund any payment of the payment order received from the customer to the extent the bank is not entitled to enforce payment and shall pay interest on the refundable amount calculated from the date the bank received payment to the date of the refund. However, the customer is not entitled to interest from the bank on the amount to be refunded if he fails to exercise ordinary care to determine that the order was not authorized by him and to notify the bank of the relevant facts within a reasonable time not exceeding 90 days after the date he received notification from the bank that the order was accepted or that his account was debited with respect to the order. The bank is not entitled to any recovery from the customer on account of a failure by him to give notification as stated in this section.

2. Reasonable time under subsection 1 may be fixed by agreement as stated in subsection ~~1 of NRS 104.1204,~~ **2 of section 16 of this act,** but the obligation of a receiving bank to refund payment as stated in subsection 1 may not otherwise be varied by agreement.

Sec. 107. NRS 108.475 is hereby amended to read as follows:

108.475 1. A person shall not use a facility for a residence. The owner of such a facility shall evict any person who uses the facility as a residence in the manner provided for in NRS 40.760.

2. A facility shall not be deemed to be a warehouse or a public utility.

3. If an owner of a facility issues a warehouse receipt, bill of lading or other document of title for the personal property stored in the facility, the owner and occupant are subject to the provisions of ~~NRS 104.7101 to 104.7603,~~ **sections 25 to 65, inclusive, of this act,** and the provisions of NRS 108.473 to 108.4783, inclusive, do not apply.

Sec. 108. NRS 597.020 is hereby amended to read as follows:

597.020 1. A lease agreement with an option to purchase which complies with the provisions of NRS 597.010 to 597.110, inclusive, is exempt from the provisions of law governing:

(a) A security interest as defined in ~~[NRS 104.1201.]~~ *section 9 of this act.*

(b) A door-to-door sale as defined in NRS 598.180.

(c) The sale of consumer goods as defined in NRS 104.9102.

2. The provisions of NRS 597.010 to 597.110, inclusive, do not apply to:

(a) A lease agreement with an option to purchase entered into primarily for business, commercial or agricultural purposes.

(b) A lease agreement with an option to purchase made with any governmental agency.

(c) The lease of a safe deposit box.

(d) A lease or bailment of personal property which is incidental to the lease of real property and which does not provide the customer with an option to purchase the leased property.

(e) The lease of a motor vehicle.

Sec. 109. NRS 719.200 is hereby amended to read as follows:

719.200 1. Except as otherwise provided in subsection 2, the provisions of this chapter apply to electronic records and electronic signatures relating to a transaction.

2. The provisions of this chapter do not apply to a transaction to the extent it is governed by:

(a) A law governing the creation and execution of wills, codicils or testamentary trusts; or

(b) The Uniform Commercial Code other than NRS ~~[104.1107, 104.1206 and]~~ 104.2101 to 104.2725, inclusive, and 104A.2101 to 104A.2532, inclusive ~~[,]~~, *and section 20 of this act.*

3. The provisions of this chapter apply to an electronic record or electronic signature otherwise excluded from the application of this chapter under subsection 2 to the extent it is governed by a law other than those specified in subsection 2.

4. A transaction subject to the provisions of this chapter is also subject to other applicable substantive law.

Sec. 110. NRS 719.330 is hereby amended to read as follows:

719.330 1. In this section, "transferable record" means an electronic record that:

(a) Would be a note under NRS 104.3101 to 104.3605, inclusive, or a document under ~~[NRS 104.7101 to 104.7603, inclusive,]~~ *sections 25 to 65, inclusive, of this act,* if the electronic record were in writing; and

(b) The issuer of the electronic record expressly has agreed is a transferable record.

2. A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes him as the person to whom the transferable record was issued or transferred.

3. A system satisfies subsection 2, and a person is deemed to have control of a transferable record, if the transferable record is created, stored and assigned in such a manner that:

(a) A single authoritative copy of the transferable record exists which is unique, identifiable, and, except as otherwise provided in paragraphs (d), (e) and (f), unalterable;

(b) The authoritative copy identifies the person asserting control as:

(1) The person to whom the transferable record was issued;

or

(2) If the authoritative copy indicates that the transferable record has been transferred, the person to whom the transferable record was most recently transferred;

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

(d) Copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;

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

(f) Any revision of the authoritative copy is readily identifiable as authorized or unauthorized.

4. Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in ~~subsection 20 of NRS 104.1201,~~ **paragraph (u) of subsection 2 of section 9 of this act**, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under the Uniform Commercial Code, including, if the applicable statutory requirements under NRS ~~104.7501,~~ 104.9308 or subsection 1 of NRS 104.3302 **or section 54 of this act** are satisfied, the rights and defenses of a holder to whom a negotiable document of title has been duly negotiated, a purchaser, or a holder in due course, respectively. Delivery, possession and endorsement are not required to obtain or exercise any of the rights under this subsection.

5. Except as otherwise agreed, an obligor under a transferable record has the same rights and defenses as an equivalent obligor under equivalent records or writings under the Uniform Commercial Code.

6. If requested by a person against whom enforcement is sought, the person seeking to enforce the transferable record shall provide reasonable proof that he is in control of the transferable record. Proof may include access to the authoritative copy of the transferable record and related business records sufficient to review the terms of the transferable record and to establish the identity of the person having control of the transferable record.

Sec. 111. NRS 104.1101, 104.1102, 104.1103, 104.1104, 104.1105, 104.1106, 104.1107, 104.1108, 104.1110, 104.1201, 104.1202, 104.1203, 104.1204, 104.1205, 104.1206, 104.1207, 104.1208, 104.2208, 104.7101, 104.7102, 104.7103, 104.7104, 104.7105, 104.7106, 104.7201, 104.7202, 104.7203, 104.7204, 104.7205, 104.7206, 104.7207, 104.7208, 104.7209, 104.7210, 104.7301, 104.7302, 104.7303, 104.7304, 104.7305, 104.7306, 104.7307, 104.7308, 104.7309, 104.7401, 104.7402, 104.7403, 104.7404, 104.7501, 104.7502, 104.7503, 104.7504, 104.7505, 104.7506, 104.7507, 104.7508, 104.7509, 104.7601, 104.7602, 104.7603 and 104A.2207 are hereby repealed.

Sec. 112. 1. The amendatory provisions of this act apply to a document of title that is issued or a bailment that arises on or after October 1, 2005.

2. The amendatory provisions of this act do not apply to a document of title that is issued or a bailment that arises before October 1, 2005, even if the document of title or bailment would be subject to the amendatory provisions of this act if the document of title had been issued or bailment had arisen on or after October 1, 2005.

3. A document of title issued or a bailment that arises before October 1, 2005, and the rights, obligations and interests flowing from that document or bailment are governed by any statute or other rule amended or repealed by the amendatory provisions of this act as if that amendment or repeal had not occurred and may be terminated, completed, consummated or enforced under that statute or other rule.

4. The amendatory provisions of this act do not apply to a right of action that has accrued before October 1, 2005.

Sec. 113. The Legislative Counsel shall reserve for reuse the numbers of the sections repealed by section 111 of this act and, in preparing the 2005 reprint of NRS, shall number the sections of chapter 104 of NRS that are added by sections 2 to 65, inclusive, of this act, and the internal references thereto, to correspond to the numbers assigned to those sections of the Uniform Commercial Code by the National Conference of Commissioners on Uniform State Laws. The reserved numbers not so used are reserved for future use for similar purposes.

