

AN ACT

**Bill 19-136**  
**Act 19-667**  
effective  
February 8,  
2013

**Codification**  
**District of**  
**Columbia**  
**Official Code**  
**2001 Edition**

*To amend Subtitle I of Title 28 of the District of Columbia Official Code, the Uniform Commercial Code, by revising Article 1 (general provisions), amending Article 3 (negotiable instruments), amending Article 4 (bank deposits and collections), revising Article 7 (documents of title), and making conforming amendments to other articles; and to amend An Act To provide for the recording and releasing of liens by entries on certificates of title for motor vehicles and trailers, and for other purposes to make a conforming amendment concerning perfection of liens on motor vehicles and trailers.*

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Uniform Commercial Code Revision Act of 2012”.

**Uniform**  
**Commercial**  
**Code Revision**  
**Act of 2012**

Sec. 2. Article 1 of Subtitle I of Title 28 of the District of Columbia Official Code is amended to read as follows:

“ARTICLE 1

“GENERAL PROVISIONS

“Part 1. General Provisions.

“Section

“28:1-101. Short titles.

“28:1-102. Scope of article.

“28:1-103. Construction of subtitle to promote its purposes and policies; applicability of supplemental principles of law.

“28:1-104. Construction against implied repeal.

“28:1-105. Severability.

“28:1-106. Use of singular and plural; gender.

“28:1-107. Section captions.

“28:1-108. Relation to Electronic Signatures in Global and National Commerce Act.

“Part 2. General Definitions and Principles of Interpretation.

“28:1-201. General definitions.

“28:1-202. Notice; knowledge.

“28:1-203. Lease distinguished from security interest.

“28:1-204. Value.

“28:1-205. Reasonable time; seasonableness.

“28:1-206. Presumptions.

“Part 3. Territorial Applicability and General Rules.

“28:1-301. Territorial applicability; parties’ power to choose applicable law.

“28:1-302. Variation by agreement.

“28:1-303. Course of performance, course of dealing, and usage of trade.

“28:1-304. Obligation of good faith.

“28:1-305. Remedies to be liberally administered.

“28:1-306. Waiver or renunciation of claim or right after breach.

“28:1-307. Prima facie evidence by third-party documents.

“28:1-308. Performance or acceptance under reservation of rights.

“28:1-309. Option to accelerate at will.

“28:1-310. Subordinated obligations.

“Part 1. General Provisions.

“§ 28:1-101. Short titles.

Amend  
§ 28:1-101

“(a) This subtitle may be cited as the “Uniform Commercial Code”.

“(b) This article may be cited as the “Uniform Commercial Code – General Provisions”.

“§ 28:1-102. Scope of article.

Amend  
§ 28:1-102

“This article applies to a transaction to the extent that it is governed by another article of this subtitle.

“§ 28:1-103. Construction of subtitle to promote its purposes and policies; applicability of supplemental principles of law.

Amend  
§ 28:1-103

“(a) This subtitle must be liberally construed and applied to promote its underlying purposes and policies, which are:

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

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

“(3) To make uniform the law among the various jurisdictions.

“(b) Unless displaced by the particular provisions of this subtitle, 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.

“§ 28:1-104. Construction against implied repeal.

Amend  
§ 28:1-104

“This subtitle 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.

“§ 28:1-105. Severability.

Amend  
§ 28:1-105

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

“§ 28:1-106. Use of singular and plural; gender.

Amend  
§ 28:1-106

“In this subtitle, 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.

“§ 28:1-107. Section captions.

Amend  
§ 28:1-107

“Section captions are part of this subtitle.

“§ 28:1-108. Relation to Electronic Signatures in Global and National Commerce Act.

Amend  
§ 28:1-108

“This subtitle modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, approved June 30, 2000 (114 Stat. 464; 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)).

“Part 2. General Definitions and Principles of Interpretation.

“§ 28:1-201. General definitions.

Amend  
§ 28:1-201

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

“(b) Subject to definitions contained in other articles of this subtitle that apply to particular articles or parts thereof:

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

“(2) “Aggrieved party” means a party entitled to pursue a remedy.

“(3) “Agreement”, as distinguished from “contract”, means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in § 28:1-303.

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

“(5) “Bearer” means a person in 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 indorsed in blank.

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

“(7) “Branch” includes a separately incorporated foreign branch of a bank.

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

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

sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under Article 2 may be a buyer in ordinary course of business. Buyer in ordinary course of business does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

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

“(12) “Contract”, as distinguished from “agreement”, means the total legal obligation that results from the parties’ agreement as determined by this subtitle and as supplemented by any other applicable laws.

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

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

“(15) “Delivery”, with respect to an 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.

“(16)(A) “Document of title” means a record that:

“(i) 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

“(ii) 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.

“(B) The term “document of title” 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.

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

“(18) “Fungible goods” means:

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

“(B) Goods that by agreement are treated as equivalent.

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

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

“(21) “Holder” means:

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

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

“(C) The person in control of a negotiable electronic document of title.

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

“(23) “Insolvent” means:

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

“(B) Being unable to pay debts as they become due; or

“(C) Being insolvent within the meaning of federal bankruptcy law.

“(24) “Money” means a medium of exchange currently authorized or adopted by a domestic or foreign government. The term “money” includes a monetary unit of account established by an intergovernmental organization or by agreement between 2 or more countries.

“(25) “Organization” means a person other than an individual.

“(26) “Party”, as distinguished from “third party”, means a person that has engaged in a transaction or made an agreement subject to this subtitle.

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

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

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

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

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

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

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

“(34) “Right” includes remedy.

“(35) “Security interest” means an interest in personal property or fixtures which secures payment or performance of an obligation. The term “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. The term “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 § 28:2-401, but a buyer may also acquire a security interest by complying with Article 9. Except as otherwise provided in § 28:2-505, the right of a seller or lessor of goods under Article 2 or 2A to retain or acquire possession of the goods is not a security interest, but a seller or lessor may also acquire a security interest by complying with Article 9. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under § 28:2-401 is limited in effect to a reservation of a security interest. Whether a transaction in the form of a lease creates a security interest is determined pursuant to § 28:1-203.

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

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

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

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

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

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

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

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

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

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

“§ 28:1-202. Notice; knowledge.

“(a) Subject to subsection (f) of this section, a person has “notice” of a fact if the person:

“(1) Has actual knowledge of it;

“(2) Has received a notice or notification of it; or

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

“(b) “Knowledge” means actual knowledge. “Knows” has a corresponding meaning.

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

“(d) 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.

“(e) Subject to subsection (f) of this section, a person “receives” a notice or notification when:

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

“(2) 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.

“(f) 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 individual conducting that transaction and, in any event, from the time it would have been brought to the individual’s attention if the organization had exercised due diligence. An organization exercises due diligence if it maintains reasonable routines for communicating significant information to the person conducting the transaction and there is reasonable compliance with the routines. Due diligence does not require an individual acting for the organization to communicate information unless the communication is part of the individual’s regular duties or the individual has reason to know of the transaction and that the transaction would be materially affected by the information.  
“§ 28:1-203. Lease distinguished from security interest.

Amend  
§ 28:1-203

“(a) Whether a transaction in the form of a lease creates a lease or security interest is determined by the facts of each case.

“(b) 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:

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

“(2) 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;

“(3) 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

“(4) 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.

“(c) A transaction in the form of a lease does not create a security interest merely because:

“(1) 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;

“(2) The lessee assumes risk of loss of the goods;

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

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

“(5) 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

“(6) 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.

“(d) 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:

“(1) 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

“(2) 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.

“(e) 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.

“§ 28:1-204. Value.

Amend  
§ 28:1-204

“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.

“§ 28:1-205. Reasonable time; seasonableness.

Amend  
§ 28:1-205

“(a) Whether a time for taking an action required by this subtitle is reasonable depends on the nature, purpose, and circumstances of the action.

“(b) 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.

“§ 28:1-206. Presumptions.

Amend  
§ 28:1-206



“Whenever this subtitle 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.

“Part 3. Territorial Applicability and General Rules.

“§ 28:1-301. Territorial applicability; parties’ power to choose applicable law.

Amend  
§ 28:1-301

“(a) 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.

“(b) In the absence of an agreement effective under subsection (a) of this section, and except as provided in subsection (c) of this section, this subtitle applies to transactions bearing an appropriate relation to the District of Columbia.

“(c) If one of the following provisions of this subtitle specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law so specified:

“(1) § 28:2-402;

“(2) §§ 28:2A-105 and § 28:2A-106;

“(3) § 28:4-102;

“(4) § 28:4A-507;

“(5) § 28:5-116;

“(6) § 28:8-110;

“(7) §§ 28:9-301 through 9-307.

“§ 28:1-302. Variation by agreement.

Amend  
§ 28:1-302

“(a) Except as otherwise provided in subsection (b) of this section or elsewhere in this subtitle, the effect of provisions of this subtitle may be varied by agreement.

“(b) The obligations of good faith, diligence, reasonableness, and care prescribed by this subtitle 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 this subtitle requires an action to be taken within a reasonable time, a time that is not manifestly unreasonable may be fixed by agreement.

“(c) The presence in certain provisions of this subtitle 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.

“§ 28:1-303. Course of performance, course of dealing, and usage of trade.

Amend  
§ 28:1-303

“(a) A “course of performance” is a sequence of conduct between the parties to a particular transaction that exists if:

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

“(2) 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.

“(b) 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.

“(c) 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 of trade must be proved by 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.

“(d) 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.

“(e) Except as otherwise provided in subsection (f) of this section, 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:

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

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

“(3) Course of dealing prevails over usage of trade.

“(f) Subject to § 28:2-209, a course of performance is relevant to show a waiver or modification of any term inconsistent with the course of performance.

“(g) 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.

“§ 28:1-304. Obligation of good faith.

**Amend**  
**§ 28:1-304**

“Every contract or duty within this subtitle imposes an obligation of good faith in its performance and enforcement.

“§ 28:1-305. Remedies to be liberally administered.

**Amend**  
**§ 28:1-305**

“(a) The remedies provided by this subtitle 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 awarded except as specifically provided in this subtitle or by other rule of law.

“(b) Any right or obligation declared by this subtitle is enforceable by action unless the provision declaring it specifies a different and limited effect.

“§ 28:1-306. Waiver or renunciation of claim or right after breach.

**Amend**  
**§ 28:1-306**

“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.

“§ 28:1-307. Prima facie evidence by third-party documents.

**Amend**  
**§ 28:1-307**

“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.

“§ 28:1-308. Performance or acceptance under reservation of rights.

**Amend**  
**§ 28:1-308**

“(a) A party that with explicit reservation of rights performs, 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.

“(b) Subsection (a) of this section does not apply to an accord and satisfaction.

“§ 28:1-309. Option to accelerate at will.

**Amend**  
**§ 28:1-309**

“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.

“§ 28:1-310. Subordinated obligations.

**Amend**  
**§ 28:1-310**

“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. 3. Article 2 of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) Section 28:2-103 is amended as follows:

**Amend**  
**§ 28:2-103**

(1) Subsection (1) is amended by repealing paragraph (b).

(2) Subsection (3) is amended by striking the word “The” and inserting the phrase “Control as provided in § 28:7-106 and the” in its place.

(b) Section 28:2-104(2) is amended by inserting the phrase “or are associated with” after the word “accompany”.

**Amend**  
**§ 28:2-104**

(c) Section 28:2-202(a) is amended to read as follows:

**Amend**  
**§ 28:2-202**

“(a) by course of performance, course of dealing, or usage of trade (§ 28:1-303); and”.

(d) Section 28:2-208 is repealed.

**Repeal**  
**§ 28:2-208**

(e) Section 28:2-310(c) is amended to read as follows:

**Amend**  
**§ 28:2-310**

“(c) if delivery is authorized and made by way of documents of title otherwise than by subsection (b) of this section then payment is due regardless of where the goods are to be received at the time and place at which the buyer is to receive delivery of the tangible documents or 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”.

(f) Section 28:2-323(2) is amended by inserting the word “tangible” after the phrase

**Amend**  
**§ 28:2-323**

“subsection (1) a”.

(g) Section 28:2-401(3) is amended to read as follows:

**Amend**  
**§ 28:2-401**

“(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, 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.”.

(h) Section 28:2-503 is amended as follows:

**Amend**  
**§ 28:2-503**

(1) Subsection (4)(b) is amended as follows:

(A) Strike the phrase “written direction to” and insert the phrase “record directing” in its place.

(B) Insert the phrase “except as otherwise provided in Article 9” after the phrase “unless the buyer seasonably objects, and”.

(2) Subsection (5)(b) is amended by inserting the phrase “or associated with” after the word “accompanying”.

(i) Section 28:2-505(1)(b) is amended by inserting the phrase “or control” after the word “possession”.

**Amend**  
**§ 28:2-505**

(j) Section 28:2-506(2) is amended by striking the phrase “on its face”.

**Amend**  
**§ 28:2-506**

(k) Section 28:2-509(2) is amended as follows:

**Amend**  
**§ 28:2-509**

(1) Paragraph (a) is amended by inserting the phrase “possession or control of” after the phrase “receipt of”.

(2) Paragraph (c) is amended as follows:

(A) Insert the phrase “possession or control of” after the phrase “receipt of”.

(B) Strike the word “written”.

(C) Insert the phrase “in a record” after the word “deliver”.

(l) Section 28:2-605(2) is amended by striking the phrase “on the face of” and inserting the word “in” in its place.

**Amend**  
**§ 28:2-605**

(m) Section 28:2-705(2)(c) is amended by striking the word “warehouseman” and inserting the phrase “a warehouse” in its place.

**Amend**  
**§ 28:2-705**

(n) Section 28:2-705(3)(c) is amended by inserting the phrase “of possession or control” after the word “surrender”.

**Amend**  
**§ 28:2-705**

Sec. 4. Article 2A of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) Section 28:2A-103 is amended as follows:

**Amend**  
**§ 28:2A-103**

(1) Subsection (a) is amended as follows:

(A) Paragraph (1) is amended by striking the word “receiving” in the second sentence and inserting the word “acquiring” in its place.

(B) Paragraph (15) is amended by striking the word “receiving” in the second sentence and inserting the word “acquiring” in its place.

(2) Subsection (c) is amended by striking the phrase ““Good faith.” 28:2-103(1)(b)”.

(b) Section 28:2A-207 is repealed.

**Repeal**  
**§ 28:2A-207**  
**Amend**  
**§ 28:2A-501**

(c) Section 28:2A-501(d) is amended by striking the phrase “28:1-106” and inserting the phrase “28:1-305(a)” in its place.

(d) Section 28:2A-514(b) is amended by striking the phrase “on the face of” and inserting the word “in” in its place.

**Amend**  
**§ 28:2A-514**

(e) Section 28:2A-518(b) is amended by striking the phrase “28:1-102(3)” and inserting the phrase “28:1-302” in its place.

**Amend**  
**§ 28:2A-518**

(f) Section 28:2A-519(a) is amended by striking the phrase “28:1-102(3)” and inserting the phrase “28:1-302” in its place.

**Amend**  
**§ 28:2A-519**

(g) Section 28:2A-526(b)(3) is amended by striking the word “warehouseman” and inserting the phrase “a warehouse” in its place.

**Amend**  
**§ 28:2A-526**

(h) Section 28:2A-527(b) is amended by striking the phrase “28:1-102(3)” and inserting the phrase “28:1-302” in its place.

**Amend**  
**§ 28:2A-527**

(i) Section 28:2A-528(a) is amended by striking the phrase “28:1-102(3)” and inserting the phrase “28:1-302” in its place.

**Amend**  
**§ 28:2A-528**

Sec. 5. Article 3 of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by striking the phrase “§ 28:3-605. Discharge of indorsers and accommodation parties” and inserting the phrase “§ 28:3-605. Discharge of secondary obligors” in its place.

(b) Section 28:3-103 is amended as follows:

**Amend**  
**§ 28:3-103**

(1) Subsection (a) is amended to read as follows:

“(a) In this article, the term:

“(1) “Acceptor” means a drawee who has accepted a draft.

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

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

“(4) “Drawee” means a person ordered in a draft to make payment.

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

“(6) “Maker” means a person who signs or is identified in a note as a person undertaking to pay.

“(7) “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.

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

“(9) “Party” means a party to an instrument.

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

“(11) “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.

“(12) “Prove” with respect to a fact means to meet the burden of establishing the fact under § 28:1-201(b)(8).

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

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

“(15) “Secondary obligor”, with respect to an instrument, means:

“(A) An indorser or an accommodation party;

“(B) A drawer having the obligation described in § 28:3-414(d); or

“(C) Any other party to the instrument that has recourse against another party to the instrument pursuant to § 28:3-116(b).”.

(2) Subsection (b) is amended by inserting the phrase ““Account” ...§ 28:4-104” after the phrase ““Accommodation party” ...§ 28:3-419”.

(3) Subsection (c) is amended by striking the phrase ““Bank...§ 28:4-105”.

(c) Section 28:3-106 is amended as follows:

**Amend  
§ 28:3-106**

(1) Subsection (a) is amended by striking the word “writing” wherever it appears and inserting the word “record” in its place.

(2) Subsection (b) is amended by striking the word “writing” and inserting the word “record” in its place.

(d) Section 28:3-116(c) is repealed.

**Amend  
§ 28:3-116  
Amend  
§ 28:3-119**

(e) Section 28:3-119 is amended by striking the phrase “written notice of the litigation” and inserting the phrase “notice of the litigation in a record” in its place.

(f) Section 28:3-305 is amended as follows:

**Amend  
§ 28:3-305**

(1) Subsection (a) is amended by striking the phrase “stated in subsection (b) of

this section” and inserting the phrase “otherwise provided in this section” in its place.

(2) New subsections (e) and (f) are added to read as follows:

“(e) In a consumer transaction, if law other than this article requires that an instrument include a statement to the effect that the rights of a holder or transferee are subject to a claim or defense that the issuer could assert against the original payee, and the instrument does not include such a statement:

“(1) The instrument has the same effect as if the instrument included such a statement;

“(2) The issuer may assert against the holder or transferee all claims and defenses that would have been available if the instrument included such a statement; and

“(3) The extent to which claims may be asserted against the holder or transferee is determined as if the instrument included such a statement.

“(f) This section is subject to law other than this article that establishes a different rule for consumer transactions.”.

(g) Section 28:3-309(a) is amended to read as follows:

**Amend**  
**§ 28:3-309**

“(a) A person not in possession of an instrument is entitled to enforce the instrument if:

“(1) The person seeking to enforce the instrument:

“(A) Was entitled to enforce the instrument when loss of possession occurred; or

“(B) Has directly or indirectly acquired ownership of the instrument from a person who was entitled to enforce the instrument when loss of possession occurred;

“(2) The loss of possession was not the result of a transfer by the person or a lawful seizure; and

“(3) The person cannot reasonably obtain possession of the instrument because the instrument was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process.”.

(h) Section 28:3-312(a)(3) is amended as follows:

**Amend**  
**§ 28:3-312**

(1) Strike the word “written”.

(2) Insert the phrase “in a record” after the word “made”.

(i) Section 28:3-416(a) is amended as follows:

**Amend**  
**§ 28:3-416**

(1) Paragraph (4) is amended by striking the word “and”.

(2) Paragraph (5) is amended by striking the period and inserting the phrase “; and” in its place.

(3) A new paragraph (6) is added to read as follows:

“(6) With respect to a remotely created consumer item, that the person on whose account the item is drawn authorized the issuance of the item in the amount for which the item is drawn.”.

(j) Section 28:3-417(a) is amended as follows:

**Amend**  
**§ 28:3-417**

(1) Paragraph (2) is amended by striking the word “and”.

(2) Paragraph (3) is amended by striking the period and inserting the phrase “; and” in its place.

and” in its place.

(3) A new paragraph (4) is added to read as follows:

“(4) With respect to any remotely created consumer item, that the person on whose account the item is drawn authorized the issuance of the item in the amount for which the item is drawn.”.

(k) Section 28:3-419 is amended as follows:

**Amend**  
**§ 28:3-419**

(1) A new subsection (d-1) is added to read as follows:

“(d-1) If the signature of a party to an instrument is accompanied by words indicating that the party guarantees payment or the signer signs the instrument as an accommodation party in some other manner that does not unambiguously indicate an intention to guarantee collection rather than payment, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument in the same circumstances as the accommodated party would be obliged, without prior resort to the accommodated party by the person entitled to enforce the instrument.”.

(2) Subsection (e) is amended to read as follows:

“(e) An accommodation party who pays the instrument is entitled to reimbursement from the accommodated party and is entitled to enforce the instrument against the accommodated party. In proper circumstances, an accommodation party may obtain relief that requires the accommodated party to perform its obligations on the instrument. An accommodated party that pays the instrument has no right of recourse against, and is not entitled to contribution from, an accommodation party.”.

(l) Section 28:3-602 is amended to read as follows:

**Amend**  
**§ 28:3-602**

“§ 28:3-602. Payment.

“(a) Subject to subsection (e) of this section, an instrument is paid to the extent payment is made by or on behalf of a party obliged to pay the instrument to a person entitled to enforce the instrument.

“(b) Subject to subsection (e) of this section, a note is paid to the extent payment is made by or on behalf of a party obliged to pay the note to a person that formerly was entitled to enforce the note only if at the time of the payment the party obliged to pay has not received adequate notification that the note has been transferred and that payment is to be made to the transferee. A notification is adequate only if it is signed by the transferor or the transferee, reasonably identifies the transferred note, and provides an address at which subsequent payments are to be made. Upon request, a transferee shall seasonably furnish reasonable proof that the note has been transferred. Unless the transferee complies with the request, a payment to the person that formerly was entitled to enforce the note is effective for purposes of subsection (c) of this section even if the party obliged to pay the note has received a notification under this section.

“(c) Subject to subsection (e) of this section, to the extent of a payment under subsections (a) or (b) of this section, the obligation of the party obliged to pay the instrument is discharged even though payment is made with knowledge of a claim to the instrument under § 28:3-306 by another person.



“(d) Subject to subsection (e) of this section, a transferee, or any party that has acquired rights in the instrument directly or indirectly from a transferee, including any such party that has rights as a holder in due course, is deemed to have notice of any payment that is made under subsection (b) of this section after the date that the note is transferred to the transferee but before the party obliged to pay the note receives adequate notification of the transfer.

“(e) The obligation of a party to pay the instrument is not discharged under subsections (a) through (d) of this section if:

“(1) A claim to the instrument under § 28:3-306 is enforceable against the party receiving payment and either payment is made with knowledge by the payor that payment is prohibited by injunction or similar process of a court of competent jurisdiction, or, in the case of an instrument other than a cashier’s check, teller’s check, or certified check, the party making payment accepted, from the person having a claim to the instrument, indemnity against loss resulting from refusal to pay the person entitled to enforce the instrument; or

“(2) The person making payment knows that the instrument is a stolen instrument and pays a person it knows is in wrongful possession of the instrument.

“(f) As used in this section, “signed”, with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.”.

(m) Section 28:3-604 is amended as follows:

Amend  
§ 28:3-604

(1) Subsection (a) is amended by striking the word “writing” and inserting the word “record” in its place.

(2) A new subsection (c) is added to read as follows:

“(c) In this section, “signed”, with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.”.

(n) Section 28:3-605 is amended to read as follows:

Amend  
§ 28:3-605

“§ 28:3-605. Discharge of secondary obligors.

“(a) If a person entitled to enforce an instrument releases the obligation of a principal obligor in whole or in part, and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

“(1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. Unless the terms of the release preserve the secondary obligor’s recourse, the principal obligor is discharged, to the extent of the release, from any other duties to the secondary obligor under this article.

“(2) Unless the terms of the release provide that the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor, the secondary obligor is discharged to the same extent as the principal obligor from any unperformed portion of its obligation on the instrument. If the instrument is a check and the obligation of the secondary obligor is based on an indorsement of the check, the secondary obligor is discharged without regard to the language or circumstances of the discharge or other release.

“(3) If the secondary obligor is not discharged under paragraph (2) of this

subsection, the secondary obligor is discharged to the extent of the value of the consideration for the release, and to the extent that the release would otherwise cause the secondary obligor a loss.

“(b) If a person entitled to enforce an instrument grants a principal obligor an extension of the time at which one or more payments are due on the instrument and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

“(1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. Unless the terms of the extension preserve the secondary obligor’s recourse, the extension correspondingly extends the time for performance of any other duties owed to the secondary obligor by the principal obligor under this article.

“(2) The secondary obligor is discharged to the extent that the extension would otherwise cause the secondary obligor a loss.

“(3) To the extent that the secondary obligor is not discharged under paragraph (2) of this subsection, the secondary obligor may:

“(A) Perform its obligations to a person entitled to enforce the instrument as if the time for payment had not been extended; or

“(B) Treat the time for performance of its obligations as having been extended correspondingly; except, that the time may not be treated as having been extended correspondingly if the terms of the extension permit the person entitled to enforce the instrument to retain the right to enforce the instrument against the secondary obligor as if the time for payment had not been extended.

“(c) If a person entitled to enforce an instrument agrees, with or without consideration, to a modification of the obligation of a principal obligor other than a complete or partial release or an extension of the due date and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

“(1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. The modification correspondingly modifies any other duties owed to the secondary obligor by the principal obligor under this article.

“(2) The secondary obligor is discharged from any unperformed portion of its obligation to the extent that the modification would otherwise cause the secondary obligor a loss.

“(3) To the extent that the secondary obligor is not discharged under paragraph (2) of this subsection, the secondary obligor may satisfy its obligation on the instrument as if the modification had not occurred, or treat its obligation on the instrument as having been modified correspondingly.

“(d) If the obligation of a principal obligor is secured by an interest in collateral, another party to the instrument is a secondary obligor with respect to that obligation, and a person entitled to enforce the instrument impairs the value of the interest in collateral, the obligation of the secondary obligor is discharged to the extent of the impairment. The value of an interest in collateral is impaired to the extent the value of the interest is reduced to an amount less than the

amount of the recourse of the secondary obligor, or the reduction in value of the interest causes an increase in the amount by which the amount of the recourse exceeds the value of the interest. For purposes of this subsection, impairing the value of an interest in collateral includes failure to obtain or maintain perfection or recordation of the interest in collateral, release of collateral without substitution of collateral of equal value or equivalent reduction of the underlying obligation, failure to perform a duty to preserve the value of collateral owed under Article 9 or other law to a debtor or other person secondarily liable, and failure to comply with applicable law in disposing of or otherwise enforcing the interest in collateral.

“(e) A secondary obligor is not discharged under subsection (a)(3), (b), (c), or (d) of this section unless the person entitled to enforce the instrument knows that the person is a secondary obligor or has notice under § 28:3-419(c) that the instrument was signed for accommodation.

“(f) A secondary obligor is not discharged under this section if the secondary obligor consents to the event or conduct that is the basis of the discharge, or the instrument or a separate agreement of the party provides for waiver of discharge under this section specifically or by general language indicating that parties waive defenses based on suretyship or impairment of collateral. Unless the circumstances indicate otherwise, consent by the principal obligor to an act that would lead to a discharge under this section constitutes consent to that act by the secondary obligor if the secondary obligor controls the principal obligor or deals with the person entitled to enforce the instrument on behalf of the principal obligor.

“(g) A release or extension preserves a secondary obligor’s recourse if the terms of the release or extension provide that:

“(1) The person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor; and

“(2) The recourse of the secondary obligor continues as if the release or extension had not been granted.

“(h) Except as otherwise provided in subsection (i) of this section, a secondary obligor asserting discharge under this section has the burden of persuasion both with respect to the occurrence of the acts alleged to harm the secondary obligor and loss or prejudice caused by those acts.

“(i) If the secondary obligor demonstrates prejudice caused by an impairment of its recourse, and the circumstances of the case indicate that the amount of loss is not reasonably susceptible of calculation or requires proof of facts that are not ascertainable, it is presumed that the act impairing recourse caused a loss or impairment equal to the liability of the secondary obligor on the instrument. In that event, the burden of persuasion as to any lesser amount of the loss is on the person entitled to enforce the instrument.”.

Sec. 6. Article 4 of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) The table of contents is amended by striking the phrase “§ 28:4–105. “Bank”; “Depository bank”; “Payor bank”; “Intermediary bank”; “Collecting bank”; “Presenting bank”” and inserting the phrase “§ 28:4–105. Definitions of types of banks” in its place.

(b) Section 28:4-104 is amended as follows:

**Amend**  
**§ 28:4-104**

(1) Subsection (b) is amended by striking the phrase ““Bank” ... Section 28:4-105”.

(2) Subsection (c) is amended as follows:

(A) Strike the word “The” and insert the phrase ““Control” as provided in § 28:7-106 and the” in its place.

(B) Strike the phrase ““Good faith. Section § 28:3-103.”

(C) The following new definitions are added to the index of definitions:

““Record”...Section 28:3-103.”

““Remotely created consumer item”...Section 28:3-103.”.

(c) Section 28:4-105 is amended by amending the section heading to read “Definitions of types of banks.”

**Amend**  
**§ 28:4-105**

(d) Section 28:4-207(a) is amended as follows:

**Amend**  
**§ 28:4-207**

(1) Paragraph (4) is amended by striking the word “and”.

(2) Paragraph (5) is amended by striking the period and inserting the phrase “; and” in its place.

(3) A new paragraph (6) is added to read as follows:

“(6) With respect to any remotely created consumer item, that the person on whose account the item is drawn authorized the issuance of the item in the amount for which the item is drawn.”.

(e) Section 28:4-208(a) is amended as follows:

**Amend**  
**§ 28:4-208**

(1) Paragraph (2) is amended by striking the word “and”.

(2) Paragraph (3) is amended by striking the period and inserting the phrase “; and” in its place.

(3) A new paragraph (4) is added to read as follows:

“(4) With respect to any remotely created consumer item, that the person on whose account the item is drawn authorized the issuance of the item in the amount for which the item is drawn.”.

(f) Section 28:4-210(c) is amended by inserting the phrase “possession or control of the” after the phrase “possession of the item or” in the second sentence.

**Amend**  
**§ 28:4-210**

(g) Section 28:4-212(a) is amended by striking the word “written” and inserting the phrase “record providing” in its place.

**Amend**  
**§ 28:4-212**

(h) Section 28:4-301(a) is amended as follows:

**Amend**  
**§ 28:4-301**

(1) Paragraph (2) is amended to read as follows:

“(2) Returns an image of the item, if the party to which the return is made has entered into an agreement to accept an image as a return of the item and the image is returned in accordance with that agreement; or”.

(2) A new paragraph (3) is added to read as follows:

“(3) Sends a record providing notice of dishonor or nonpayment if the item is unavailable for return.”.

(i) Section 28:4-403(b) is amended as follows:

**Amend**  
**§ 28:4-403**

- (1) Strike the word “writing” and insert the phrase “a record” in its place.
- (2) Strike the phrase “a writing” and insert the phrase “a record” in its place.

Sec. 7. Article 4A of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) Section 28:4A–105(a) is amended as follows:

**Amend**  
**§ 28:4A-105**

(1) Paragraph (6) is repealed.

(2) Paragraph (7) is amended by striking the phrase “(§ 28:1-201(8))” and inserting the phrase “under § 28:1-201(b)(8)” in its place.

(b) Section 28:4A–106 is amended by striking the phrase “§ 28:1-201(27)” and inserting the phrase “§ 28:1-202” in its place.

**Amend**  
**§ 28:4A-106**

(c) Section 28:4A–108 is amended to read as follows:

**Amend**  
**§ 28:4A-108**

“§ 28:4A-108. Relationship to Electronic Fund Transfers Act.

“(a) Except as otherwise provided in subsection (b) of this section, this article does not apply to a funds transfer any part of which is governed by the Electronic Fund Transfer Act, approved November 10, 1978 (92 Stat. 3728; 15 U.S.C. § 1693 *et seq.*).

“(b) This article applies to a funds transfer that is a remittance transfer as defined in section 919(g)(2) of the Electronic Fund Transfer Act, approved July 21, 2010 (124 Stat. 2065; 15 U.S.C. § 1693o-1(g)(2)), unless the remittance transfer is an electronic fund transfer as defined in section 903(7) of the Electronic Fund Transfer Act, approved November 10, 1978 (92 Stat. 3728; 15 U.S.C. § 1693a(7)).

“(c) In the event of an inconsistency between a provision of this article and the Electronic Fund Transfer Act, the Electronic Fund Transfer Act governs to the extent of the inconsistency.”.

(c)[(d)] Section 28:4A-204(b) is amended by striking the phrase “§ 28:1–204(1)” and inserting the phrase “§ 28:1-302(b)” in its place.

**Amend**  
**§ 28:4A-204**

Sec. 8. Article 5 of Subtitle I of Title 28 of the District of Columbia Official Code is amended by amending § 28:5–103(c) by striking the phrase “28:1–102(3)” and inserting the phrase “§ 28:1-302” in its place.

**Amend**  
**§ 28:5-103**

Sec. 9. Article 7 of Subtitle I of Title 28 of the District of Columbia Official Code is amended to read as follows:

“ARTICLE 7  
“DOCUMENTS OF TITLE  
“Part 1. General.

“Section

“28:7-101. Short title.

“28:7-102. Definitions and index of definitions.

“28:7-103. Relation of article to treaty or statute.

“28:7-104. Negotiable and nonnegotiable document of title.

“28:7-105. Reissuance in alternative medium.

“28:7-106. Control of electronic document of title.

“Part 2. Warehouse Receipts: Special Provisions.

“28:7-201. Person that may issue a warehouse receipt; storage under bond.

“28:7-202. Form of warehouse receipt; effect of omission.

“28:7-203. Liability for nonreceipt or misdescription.

“28:7-204. Duty of care; contractual limitation of warehouse’s liability.

“28:7-205. Title under warehouse receipt defeated in certain cases.

“28:7-206. Termination of storage at warehouse's option.

“28:7-207. Goods must be kept separate; fungible goods.

“28:7-208. Altered warehouse receipts.

“28:7-209. Lien of warehouse.

“28:7-210. Enforcement of warehouse's lien.

“Part 3. Bills of Lading: Special Provisions.

“28:7-301. Liability for nonreceipt or misdescription; “said to contain”; “shipper's weight, load, and count”; improper handling.

“28:7-302. Through bills of lading and similar documents of title.

“28:7-303. Diversion; reconsignment; change of instructions.

“28:7-304. Tangible bills of lading in a set.

“28:7-305. Destination bills.

“28:7-306. Altered bills of lading.

“28:7-307. Lien of carrier.

“28:7-308. Enforcement of carrier's lien.

“28:7-309. Duty of care; contractual limitation of carrier's liability.

“Part 4. Warehouse Receipts and Bills of Lading: General Obligations.

“28:7-401. Irregularities in issue of receipt or bill or conduct of issuer.

“28:7-402. Duplicate document of title; overissue.

“28:7-403. Obligation of bailee to deliver; excuse.

“28:7-404. No liability for good-faith delivery pursuant to document of title.

“Part 5. Warehouse Receipts and Bills of Lading: Negotiation And Transfer.

“28:7-501. Form of negotiation and requirements of due negotiation.

“28:7-502. Rights acquired by due negotiation.

“28:7-503. Document of title to goods defeated in certain cases.

“28:7-504. Rights acquired in absence of due negotiation; effect of diversion; stoppage of delivery.

“28:7-505. Indorser not guarantor for other parties.

“28:7-506. Delivery without indorsement: right to compel indorsement.

“28:7-507. Warranties on negotiation or delivery of document of title.

“28:7-508. Warranties of collecting bank as to documents of title.

“28:7-509. Adequate compliance with commercial contract.

“Part 6. Warehouse Receipts and Bills of Lading: Miscellaneous Provisions.

“28:7-601. Lost, stolen, or destroyed documents of title.

“28:7-602. Judicial process against goods covered by negotiable document of title.

“28:7-603. Conflicting claims; interpleader.

“Part 7. Miscellaneous Provisions.

“28:7-701. Applicability.

“28:7-702. Savings clause.

“Part 1. General.

“§ 28:7-101. Short title.

“This article may be cited as the “Uniform Commercial Code – Documents of Title”.

“§ 28:7-102. Definitions and index of definitions.

“(a) In this article, unless the context otherwise requires, the term:

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

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

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

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

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

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

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

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

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

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

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

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

“(A) To execute or adopt a tangible symbol; or

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

**Amend**  
**§ 28:7-101**

**Amend**  
**§ 28:7-102**

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

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

“(1) “Contract for sale”, § 28:2-106.

“(2) “Lessee in the ordinary course of business”, § 28:2A-103.

“(3) “Receipt” of goods, § 28:2-103.

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

“§ 28:7-103. Relation of article to treaty or statute.

**Amend  
§ 28:7-103**

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

“(b) 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.

“(c) This article modifies, limits, and supersedes the Electronic Signatures in Global and National Commerce Act, approved June 30, 2000 (114 Stat. 464; 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)).

“(d) To the extent there is a conflict between Chapter 49 of Subtitle II of this title, the Uniform Electronic Transactions Act, and this article, this article governs.

“§ 28:7-104. Negotiable and nonnegotiable document of title.

**Amend  
§ 28:7-104**

“(a) Except as otherwise provided in subsection (c) of this section, a document of title is negotiable if by its terms the goods are to be delivered to bearer or to the order of a named person.

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

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

“§ 28:7-105. Reissuance in alternative medium.

**Amend  
§ 28:7-105**

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

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

“(2) The tangible document when issued contains a statement that it is issued in



substitution for the electronic document.

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

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

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

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

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

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

“(d) Upon issuance of an electronic document of title in substitution for a tangible document of title in accordance with subsection (c) of this section:

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

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

“§ 28:7-106. Control of electronic document of title.

Amend  
§ 28:7-106

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

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

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

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

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

“(B) If the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred;

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

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

“(5) Each copy of the authoritative copy and any copy of a copy is readily

identifiable as a copy that is not the authoritative copy; and

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

**“Part 2. Warehouse Receipts: Special Provisions.**

“§ 28:7-201. Person that may issue a warehouse receipt; storage under bond.

**Amend  
§ 28:7-201**

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

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

“§ 28:7-202. Form of warehouse receipt; effect of omission.

**Amend  
§ 28:7-202**

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

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

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

“(2) The date of issue of the receipt;

“(3) The unique identification code of the receipt;

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

“(5) 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;

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

“(7) The signature of the warehouse or its agent;

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

“(9) A statement of the amount of advances made and of liabilities incurred for which the warehouse claims a lien or security interest, 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.

“(c) A warehouse may insert in its receipt any terms that are not contrary to this subtitle and do not impair its obligation of delivery under § 28:7-403 or its duty of care under § 28:7-204. Any contrary provision is ineffective.

“§ 28:7-203. Liability for nonreceipt or misdescription.

**Amend  
§ 28:7-203**

“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.

“§ 28:7-204. Duty of care; contractual limitation of warehouse’s liability.

Amend  
§ 28:7-204

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

“(b) Damages may be limited by a term in the warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage beyond which the warehouse is not liable. 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.

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

“§ 28:7-205. Title under warehouse receipt defeated in certain cases.

Amend  
§ 28:7-205

“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.

“§ 28:7-206. Termination of storage at warehouse's option.

Amend  
§ 28:7-206

“(a) A warehouse, by giving notice to the person on whose account the goods are held and any other person known to claim an interest in the goods, may require payment of any charges and removal of the goods from the warehouse at the termination of the period of storage fixed by the document of title or, if a period is not fixed, within a stated period not less than 30 days after the warehouse gives notice. If the goods are not removed before the date specified in the notice, the warehouse may sell them pursuant to § 28:7-210.

“(b) If a warehouse in good faith believes that goods are about to deteriorate or decline in value to less than the amount of its lien within the time provided in subsection (a) of this section and § 28:7-210, the warehouse may specify in the notice given under subsection (a) of this section any reasonable shorter time for removal of the goods and, if the goods are not removed, may sell them at public sale held not less than one week after a single advertisement or posting.

“(c) If, as a result of a quality or condition of the goods of which the warehouse did not have notice at the time of deposit, the goods are a hazard to other property, the warehouse facilities, or other persons, the warehouse may sell the goods at public or private sale without advertisement or posting on reasonable notification to all persons known to claim an interest in

the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose of them in any lawful manner and does not incur liability by reason of that disposition.

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

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

“§ 28:7-207. Goods must be kept separate; fungible goods.

Amend  
§ 28:7-207

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

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

“§ 28:7-208. Altered warehouse receipts.

Amend  
§ 28:7-208

“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.

“§ 28:7-209. Lien of warehouse.

Amend  
§ 28:7-209

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

“(b) 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 (a) of this section, such as for money advanced and interest. The security interest is governed by Article 9.

“(c) A warehouse's lien for charges and expenses under subsection (a) of this section or a security interest under subsection (b) of this section 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 did not:

“(1) Deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor’s nominee with:

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

“(B) Power to obtain delivery under § 28:7-403; or

“(C) Power of disposition under § 28:2-403, 28:2A-304, 28:2A-305 28:9-320, or 28:9-321(c) or other statute or rule of law; or

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

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

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

“§ 28:7-210. Enforcement of warehouse's lien.

**Amend  
§ 28:7-210**

“(a)(1) Except as otherwise provided in subsection (b) of this section, 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.

“(2) 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.

“(3) 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 paragraph (2) of this subsection.

“(b) 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:

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

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

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

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

“(5) After the expiration of the time given in the notification, an advertisement of the sale must be published once a week for 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 6 conspicuous places in the neighborhood of the proposed sale.

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

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

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

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

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

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

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

**“Part 3. Bills of Lading: Special Provisions.**

**“§ 28:7-301. Liability for nonreceipt or misdescription; “Said to contain”; “Shipper's weight, load, and count”; improper handling.**

**Amend  
§ 28:7-301**

“(a) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a holder to which a negotiable bill has been duly negotiated, relying upon the description of the goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent that the 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 the phrase “contents or condition of contents of packages unknown”, “said to contain”, “shipper's weight, load, and count”, or words of similar import, if that indication is true.

“(b) If goods are loaded by the issuer of a bill of lading;

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

“(2) 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.

“(c) 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.

“(d) 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.

“(e) 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.

“§ 28:7-302. Through bills of lading and similar documents of title.

Amend  
§ 28:7-302

“(a) The issuer of a through bill of lading, or other document of title embodying an undertaking to be performed in part by a person acting as its agent or by a performing carrier, is liable to any person entitled to recover on the 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.

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

“(c) The issuer of a through bill of lading or other document of title described in subsection (a) of this section 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:

“(1) 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

“(2) 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.

“§ 28:7-303. Diversion; reconsignment; change of instructions.

Amend  
§ 28:7-303

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

“(1) The holder of a negotiable bill;

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

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

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

“(b) Unless instructions described in subsection (a) of this section are included in a negotiable bill of lading, a person to which the bill is duly negotiated may hold the bailee according to the original terms.

“§ 28:7-304. Tangible bills of lading in a set.

Amend  
§ 28:7-304

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

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

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

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

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

“§ 28:7-305. Destination bills.

Amend  
§ 28:7-305

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

“(b) Upon request of any person entitled as against a carrier to control the goods while in transit and on surrender of possession or control of any outstanding bill of lading or other receipt



covering the goods, the issuer, subject to § 28:7-105, may procure a substitute bill to be issued at any place designated in the request.

“§ 28:7-306. Altered bills of lading.

Amend  
§ 28:7-306

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

“§ 28:7-307. Lien of carrier.

Amend  
§ 28:7-307

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

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

“(c) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

“§ 28:7-308. Enforcement of carrier’s lien.

Amend  
§ 28:7-308

“(a)(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.

“(2) 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.

“(3) 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 paragraph (2) of this subsection.

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

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

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

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

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

“(g) A carrier's lien may be enforced pursuant to either subsection (a) of this section or the procedure set forth in § 28:7-210(b).

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

“§ 28:7-309. Duty of care; contractual limitation of carrier's liability.

Amend  
§ 28:7-309

“(a) 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.

“(b) 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.

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

“ Part 4. Warehouse Receipts and Bills of Lading: General Obligations.

“§ 28:7-401. Irregularities in issue of receipt or bill or conduct of issuer.

Amend  
§ 28:7-401

“ 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.

“§ 28:7-402. Duplicate document of title; overissue.

Amend  
§ 28:7-402

“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 § 28:7-105. The issuer is liable for damages caused by its overissue or failure to identify a duplicate document by a conspicuous notation.

“§ 28:7-403. Obligation of bailee to deliver; excuse.

**Amend**  
**§ 28:7-403**

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

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

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

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

“(4) The exercise by a seller of its right to stop delivery pursuant to § 28:2-705 or by a lessor of its right to stop delivery pursuant to § 28:2A-526;

“(5) A diversion, reconsignment, or other disposition pursuant to § 28:7-303;

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

“(7) Any other lawful excuse.

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

“(c) Unless a person claiming the goods is a person against which the document of title does not confer a right under § 28:7-503(a):

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

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

“§ 28:7-404. No liability for good-faith delivery pursuant to document of title.

**Amend**  
**§ 28:7-404**

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

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

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

“Part 5. Warehouse Receipts and Bills of Lading: Negotiation And Transfer.

“§ 28:7-501. Form of negotiation and requirements of due negotiation.

**Amend**  
**§ 28:7-501**

“(a) The following rules apply to a negotiable tangible document of title:

“(1) If the document's original terms run to the order of a named person, the

document is negotiated by the named person's indorsement and delivery. After the named person's indorsement in blank or to bearer, any person may negotiate the document by delivery alone.

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

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

“(4) Negotiation of the document after it has been indorsed to a named person requires indorsement by the named person and delivery.

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

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

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

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

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

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

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

“§ 28:7-502. Rights acquired by due negotiation.

“(a) Subject to §§ 28:7-205 and 28:7-503, a holder to which a negotiable document of title has been duly negotiated acquires thereby:

“(1) Title to the document;

“(2) Title to the goods;

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

“(4) The direct obligation of the issuer to hold or deliver the goods according to the terms of the document free of any defense or claim by the issuer except those arising under the terms of the document or under this article, 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 indorser will procure the acceptance of the bailee.

“(b) Subject to § 28:7-503, title and rights acquired by due negotiation are not defeated by any stoppage of the goods represented by the document of title or by surrender of the goods by the bailee and are not impaired even if:

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

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

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

“§ 28:7-503. Document of title to goods defeated in certain cases.

**Amend  
§ 28:7-503**

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

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

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

“(B) Power to obtain delivery under § 28:7-403; or

“(C) Power of disposition under § 28:2-403, 28:2A-304, 28:2A-305, 28:9-320, or 28:9-321(c) or other statute or rule of law; or

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

“(b) Title to goods based upon an unaccepted delivery order is subject to the rights of any person to which a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. That title may be defeated under § 28:7-504 to the same extent as the rights of the issuer or a transferee from the issuer.

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

“§ 28:7-504. Rights acquired in absence of due negotiation; effect of diversion; stoppage of delivery.

**Amend  
§ 28:7-504**

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

“(b) In the case of a 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:

“(1) By those creditors of the transferor which could treat the transfer as void under § 28:2-402 or § 28:2A-308;

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

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

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

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

“(d) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped by a seller under § 28:2-705 or a lessor under § 28:2A-526, 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.

“§ 28:7-505. Indorser not guarantor for other parties.

Amend  
§ 28:7-505

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

“§ 28:7-506. Delivery without indorsement: right to compel indorsement.

Amend  
§ 28:7-506

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

“§ 28:7-507. Warranties on negotiation or delivery of document of title.

Amend  
§ 28:7-507

“If a person negotiates or delivers a document of title for value, other than as a mere intermediary under § 28:7-508, 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.

“§ 28:7-508. Warranties of collecting bank as to documents of title.

Amend  
§ 28:7-508

“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.

“§ 28:7-509. Adequate compliance with commercial contract.

Amend  
§ 28:7-509

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

“Part 6. Warehouse Receipts and Bills of Lading: Miscellaneous Provisions.

“§ 28:7-601. Lost, stolen, or destroyed documents of title.

Amend  
§ 28:7-601

“(a) If a document of title is lost, stolen, or destroyed, a court may order delivery of the goods or issuance of a substitute document and the bailee may without liability to any person

comply with the order. If the document was negotiable, a court may not order delivery of the goods or issuance of a substitute document without the claimant's posting of 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.

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

“§ 28:7-602. Judicial process against goods covered by negotiable document of title.

Amend  
§ 28:7-602

“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.

“§ 28:7-603. Conflicting claims; interpleader.

Amend  
§ 28:7-603

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

“Part 7. Miscellaneous Provisions.

“§ 28:7-701. Applicability.

Amend  
§ 28:7-701

“This article applies to a document of title that is issued or a bailment that arises on or after the effective date of this article. This article does not apply to a document of title that is issued or a bailment that arises before the effective date of this article even if the document of title or bailment would be subject to this article if the document of title had been issued or bailment had arisen on or after the effective date of this article. This article does not apply to a right of action that has accrued before the effective date of this article.

“§ 28:7-702. Savings clause.

Amend  
§ 28:7-702

“A document of title issued or a bailment that arises before the effective date of this act and the rights, obligations, and interests flowing from that document or bailment are governed by any statute or other rule amended or repealed by this act as if the amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute or other rule.”.

Sec.10. Article 8 of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) Section 28:8-102(a)(10) is repealed.

Amend  
§ 28:8-102  
Amend  
§ 28:8-103

(b) Section 28:8-103 is amended by adding a new subsection (g) to read as follows:

“(g) A document of title is not a financial asset unless § 28:8-102(a)(9)(iii) applies.”.

Sec.11. Article 9 of Subtitle I of Title 28 of the District of Columbia Official Code is amended as follows:

(a) Section 28:9-102 is amended as follows:

Amend  
§ 28:9-102

(1) Subsection (a) is amended as follows:

(A) Paragraph (5) is amended by striking the phrase “, other than a security interest,”.

(B) Paragraph (30) is amended by striking the phrase “§28:7-201(2)” and inserting the phrase “§ 28:7-201(b)” in its place.

(C) Paragraph (43) is repealed.

(D) Paragraph (46) is amended by striking the period and inserting the phrase “or to be provided.” in its place.

(2) Subsection (b) is amended as follows:

(A) Strike the word “The” in the introductory phrase and insert the phrase ““Control” as provided in § 28:7-106 and the” in its place.

(B) Insert the phrase ““Issuer” (with respect to documents of title) § 28:7-102.” after the phrase ““Issuer” (with respect to a security) § 28:8-201.”.

(b) Section 28:9-203(b)(3)(D) is amended to read as follows:

Amend  
§ 28:9-203

“(D) The collateral is deposit accounts, electronic chattel paper, investment property, letter-of-credit rights, or electronic documents, and the secured party has control under § 28:7-106, § 28:9-104, § 28:9-105, § 28:9-106, or § 28:9-107 pursuant to the debtor’s security agreement.”.

(c) Section 28:9-207(c) is amended by inserting the phrase “28:7-106,” after the phrase “collateral under §”.

Amend  
§ 28:9-207

(d) Section 28:9-208(b) is amended as follows:

Amend  
§ 28:9-208

(1) Paragraph (4) is amended by striking the word “and” after the semicolon.

(2) Paragraph (5) is amended by striking the period and inserting the phrase “; and” in its place.

(3) A new paragraph (6) is added to read as follows:

“(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.”.

(e) Section 28:9-301(3) is amended by inserting the word “tangible” after the word “while”.

**Amend  
§ 28:9-301**

(f) Section 28:9-304(b)(1) is amended by striking the phrase “the debtor” and inserting the phrase “its customer” in its place.

**Amend  
§ 28:9-304**

(g) Section 28:9-309 is amended as follows:

**Amend  
§ 28:9-309**

(1) Paragraph (12) is amended by striking the word “and” after the semicolon.

(2) Paragraph (13) is amended by striking the period and inserting the phrase “; and” in its place.

(3) A new paragraph (14) is added to read as follows:

“(14) A sale by an individual of an account that is a right to payment of winnings in a lottery or other game of chance.”.

(h) Section 28:9-310(b)(8) is amended by inserting the phrase “electronic documents,” after the phrase “chattel paper,”.

**Amend  
§ 28:9-310**

(i) Section 28:9-312(e) is amended by inserting the phrase “or control” after the word “possession”.

**Amend  
§ 28:9-312**

(j) Section 28:9-313(a) is amended by inserting the word “tangible” after the phrase “security interest in”.

**Amend  
§ 28:9-313**

(k) Section 28:9-314 is amended as follows:

**Amend  
§ 28:9-314**

(1) Subsection (a) is amended to read as follows:

“(a) A security interest in investment property, deposit accounts, letter-of-credit rights, electronic chattel paper, or electronic documents may be perfected by control of the collateral under § 28:7-106, § 28:9-104, § 28:9-105, § 28:9-106, or § 28:9-107.”.

(2) Subsection (b) is amended to read as follows:

“(b) A security interest in deposit accounts, electronic chattel paper, or letter-of-credit rights, or electronic documents is perfected by control under § 28:7-106, § 28:9-104, § 28:9-105, or § 28:9-107 when the secured party obtains control and remains perfected by control only while the secured party retains control.”.

(l) Section 28:9-317 is amended as follows:

**Amend  
§ 28:9-317**

(1) Subsection (a) is amended by inserting the word “tangible” after the phrase “tangible chattel paper,”.

(2) Subsection (d) is amended by inserting the phrase “electronic documents,” after the phrase “electronic chattel paper,”.

(m) Section 28:9-338(2) is amended by striking the phrase “chattel paper, documents” and inserting the phrase “tangible chattel paper, tangible documents” in its place.

**Amend  
§ 28:9-338**

(n) Section 28:9-601(b) is amended by inserting the phrase “28:7-106,” after the phrase “collateral under §”.

**Amend  
§ 28:9-601**

Sec. 12. Section 2 of An Act To provide for the recording and releasing of liens by entries on certificates of title for motor vehicles and trailers, and for other purposes, approved July 2, 1940 (54 Stat. 736; D.C. Official Code § 50-1202), is amended by adding the following new sentence at the end to read as follows:

“The perfection of a security interest of a motor vehicle or trailer under D.C. Official Code § 28:9-311(b) occurs upon receipt by the appropriate official in the Department of Motor Vehicles of a properly tendered application for a certificate of title on which the security interest is to be indicated.”.

Sec. 13. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 14. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.