

## LEGISLATIVE BILL 162

Approved by the Governor April 5, 1991

Introduced by Landis, 46

AN ACT relating to the Uniform Commercial Code; to amend sections 1-105 and 2-403, Uniform Commercial Code; to eliminate provisions relating to bulk transfers; to harmonize provisions; to provide for validity and enforceability of certain rights and obligations; to repeal the original sections, and also sections 6-101 to 6-105, 6-107 to 6-111, and 9-111, Uniform Commercial Code; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 1-105, Uniform Commercial Code, be amended to read as follows:  
 U1-105. Territorial application of the ~~act~~ code; parties' power to choose applicable law.

(1) Except as provided hereafter 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. Failing such agreement ~~this act~~ the Uniform Commercial Code applies to transactions bearing an appropriate relation to this state.

(2) Where one of the following provisions of ~~this act~~ specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law (including the conflict of laws rules) so specified:

Rights of creditors against sold goods.  
 Section 2-402.

Applicability of the article on Bank Deposits and Collections. Section 4-102.

~~Bulk transfers subject to the article on Bulk Transfers- Section 6-102.~~

Applicability of the article on Investment Securities. Section 8-106.

Perfection provisions of the article on Secured Transactions. Section 9-103.

Sec. 2. That the Uniform Commercial Code be amended by addition of the following new section:  
U1-110. Savings clause.

Rights and obligations that arose under

article 6, Uniform Commercial Code, and section 9-111, Uniform Commercial Code, before the effective date of this act shall remain valid and may be enforced as though those statutes had not been repealed.

Sec. 3. That section 2-403, Uniform Commercial Code, be amended to read as follows:  
U2-403. Power to transfer; good faith purchase of goods; entrusting.

(1) A purchaser of goods acquires all title which his or her transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value. When goods have been delivered under a transaction of purchase the purchaser has such power even though

(a) the transferor was deceived as to the identity of the purchaser, or

(b) the delivery was in exchange for a check which is later dishonored, or

(c) it was agreed that the transaction was to be a "cash sale", or

(d) the delivery was procured through fraud punishable as larcenous under the criminal law.

(2) Any entrusting of possession of goods to a merchant for purposes of sale who deals in goods of that kind gives him or her power to transfer all rights of the entruster to a buyer in ordinary course of business.

(3) "Entrusting" includes any delivery and any acquiescence in retention of possession regardless of any condition expressed between the parties to the delivery or acquiescence and regardless of whether the procurement of the entrusting or the possessor's disposition of the goods have been such as to be larcenous under the criminal law.

(4) The rights of other purchasers of goods and of lien creditors are governed by the articles on Secured Transactions (article 9), Bulk Transfers (~~article 6~~) and Documents of Title (article 7).

Sec. 4. That original sections 1-105 and 2-403, Uniform Commercial Code, and also sections 6-101 to 6-105, 6-107 to 6-111, and 9-111, Uniform Commercial Code, are repealed.

Sec. 5. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.