



General Assembly

January Session, 2005

Raised Bill No. 6985

LCO No. 5156

05156_____JUD

Referred to Committee on Judiciary

Introduced by:
(JUD)

**AN ACT ADOPTING REVISED ARTICLE 1 OF THE UNIFORM
COMMERCIAL CODE CONCERNING GENERAL PROVISIONS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 42a-1-101 of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) This title [shall be known and] may be cited as the "Uniform
4 Commercial Code".

5 (b) This article may be cited as "Uniform Commercial Code--General
6 Provisions".

7 Sec. 2. Section 42a-1-102 of the general statutes is repealed and the
8 following is substituted in lieu thereof (*Effective October 1, 2005*):

9 [(1) This title shall be liberally construed and applied to promote its
10 underlying purposes and policies.

11 (2) Underlying purposes and policies of this title are (a) to simplify,
12 clarify and modernize the law governing commercial transactions; (b)
13 to permit the continued expansion of commercial practices through

14 custom, usage and agreement of the parties; (c) to make uniform the
15 law among the various jurisdictions.

16 (3) The effect of provisions of this title may be varied by agreement,
17 except as otherwise provided in this title and except that the
18 obligations of good faith, diligence, reasonableness and care prescribed
19 by this title may not be disclaimed by agreement, but the parties may
20 by agreement determine the standards by which the performance of
21 such obligations is to be measured if such standards are not manifestly
22 unreasonable.

23 (4) The presence in certain provisions of this title of the words
24 "unless otherwise agreed" or words of similar import does not imply
25 the effect of other provisions may not be varied by agreement under
26 subsection (3).

27 (5) In this title unless the context otherwise requires, (a) words in the
28 singular number include the plural, and in the plural include the
29 singular; (b) words of the masculine gender include the feminine and
30 the neuter, and when the sense so indicates words of the neuter gender
31 may refer to any gender.]

32 This article applies to a transaction to the extent that it is governed
33 by another article of this title.

34 Sec. 3. Section 42a-1-103 of the general statutes is repealed and the
35 following is substituted in lieu thereof (*Effective October 1, 2005*):

36 (a) This title shall be liberally construed and applied to promote its
37 underlying purposes and policies, which are:

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

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

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

43 (b) Unless displaced by the particular provisions of this title, the
44 principles of law and equity, including the law merchant and the law
45 relative to capacity to contract, principal and agent, estoppel, fraud,
46 misrepresentation, duress, coercion, mistake, bankruptcy, [or] and
47 other validating or invalidating cause [shall] supplement its
48 provisions.

49 Sec. 4. Section 42a-1-105 of the general statutes is repealed and the
50 following is substituted in lieu thereof (*Effective October 1, 2005*):

51 [(1) Except as provided hereafter in this section, when a transaction
52 bears a reasonable relation to this state and also to another state or
53 nation the parties may agree that the law either of this state or of such
54 other state or nation shall govern their rights and duties. Failing such
55 agreement this title applies to transactions bearing an appropriate
56 relation to this state.

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

- T1 Rights of creditors against sold goods. Section 42a-2-402.
- T2 Applicability of the article on leases. Sections 42a-2A-105 and
- T3 42a-2A-106.
- T4 Applicability of the article on bank deposits and collections.
- T5 Section 42a-4-102.
- T6 Governing law in the article on funds transfers. Section
- T7 42a-4A-507.
- T8 Letters of credit. Section 42a-5-116.
- T9 Applicability of the article on investment securities. Section
- T10 42a-8-110.

T11 Law governing perfection, the effect of perfection or
T12 nonperfection and the priority of security interests and
T13 agricultural liens. Sections 42a-9-301 to 42a-9-307, inclusive.]

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

66 Sec. 5. Section 42a-1-106 of the general statutes is repealed and the
67 following is substituted in lieu thereof (*Effective October 1, 2005*):

68 [(1) The remedies provided by this title shall be liberally
69 administered to the end that the aggrieved party may be put in as
70 good a position as if the other party had fully performed but neither
71 consequential or special nor penal damages may be had except as
72 specifically provided in this title or by other rule of law.

73 (2) Any right or obligation declared by this title is enforceable by
74 action unless the provision declaring it specifies a different and limited
75 effect.]

76 In this title, unless the statutory context otherwise requires:

77 (1) Words in the singular number include the plural, and those in
78 the plural include the singular; and

79 (2) Words of any gender also refer to any other gender.

80 Sec. 6. (NEW) (*Effective October 1, 2005*) Article 1 of title 42a of the
81 general statutes, as amended by this act, modifies, limits and
82 supersedes the federal Electronic Signatures in Global and National
83 Commerce Act, 15 USC 7001 et seq., except that nothing in article 1 of
84 title 42a of the general statutes, as amended by this act, modifies, limits
85 or supersedes Section 101(c) of that act, 15 USC 7001(c), or authorizes

86 electronic delivery of any of the notices described in Section 103(b) of
87 that act, 15 USC 7003(b).

88 Sec. 7. Section 42a-1-201 of the general statutes is repealed and the
89 following is substituted in lieu thereof (*Effective October 1, 2005*):

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

94 (b) Subject to [additional] definitions contained in [the subsequent
95 articles of this title which are applicable to specific articles or parts
96 thereof, and unless the context otherwise requires] other articles of this
97 title that apply to particular articles or parts thereof, in this title:

98 (1) "Action", in the sense of a judicial proceeding, includes
99 recoupment, counterclaim, set-off, suit in equity and any other
100 [proceedings] proceeding in which rights are determined.

101 (2) "Aggrieved party" means a party entitled to [resort to] pursue a
102 remedy.

103 (3) "Agreement", as distinguished from "contract", means the
104 bargain of the parties in fact, as found in their language or [by
105 implication] inferred from other circumstances, including course of
106 [dealing or usage of trade or course of performance as provided in
107 sections 42a-1-205 and 42a-2-208. Whether an agreement has legal
108 consequences is determined by the provisions of this title, if applicable;
109 otherwise by the law of contracts] performance, course of dealing or
110 usage of trade as provided in section 15 of this act.

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

114 (5) "Bearer" means a person in control of a negotiable electronic

115 document of title or a person in possession of an instrument, a
116 negotiable tangible document of title, or a certificated security payable
117 to bearer or endorsed in blank.

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

122 (7) "Branch" includes a separately incorporated foreign branch of a
123 bank.

124 (8) ["Burden of establishing of a fact"] "Burden of establishing" a fact
125 means the burden of persuading the [triers] trier of fact that the
126 existence of the fact is more probable than its nonexistence.

127 (9) "Buyer in ordinary course of business" means a person that buys
128 goods in good faith, without knowledge that the sale violates the rights
129 of another person in the goods, and in the ordinary course from a
130 person, other than a pawnbroker, in the business of selling goods of
131 that kind. A person buys goods in the ordinary course if the sale to the
132 person comports with the usual or customary practices in the kind of
133 business in which the seller is engaged or with the seller's own usual
134 or customary practices. A person that sells oil, gas or other minerals at
135 the wellhead or minehead is a person in the business of selling goods
136 of that kind. A buyer in [the] ordinary course of business may buy for
137 cash, by exchange of other property or on secured or unsecured credit,
138 and may acquire goods or documents of title under a preexisting
139 contract for sale. Only a buyer that takes possession of the goods or has
140 a right to recover the goods from the seller under article 2 may be a
141 buyer in ordinary course of business. [A] "Buyer in ordinary course of
142 business" does not include a person that acquires goods in a transfer in
143 bulk or as security for or in total or partial satisfaction of a money debt.
144 [is not a buyer in ordinary course of business.]

145 (10) "Conspicuous", with reference to a term, means so written,

146 displayed or presented that a reasonable person against which it is to
147 operate ought to have noticed it. Whether a term is "conspicuous" or
148 not is a decision for the court. Conspicuous terms include the
149 following:

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

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

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

160 [(11)] (12) "Contract", as distinguished from "agreement", means the
161 total legal obligation [which] that results from the parties' agreement
162 as [affected] determined by this title [and] as supplemented by any
163 other applicable [rules of law] laws.

164 [(12)] (13) "Creditor" includes a general creditor, a secured creditor,
165 a lien creditor and any representative of creditors, including an
166 assignee for the benefit of creditors, a trustee in bankruptcy, a receiver
167 in equity and an executor or administrator of an insolvent debtor's or
168 assignor's estate.

169 [(13)] (14) "Defendant" includes a person in the position of
170 defendant in a [cross-action or] counterclaim, cross-claim or third-
171 party claim.

172 [(14)] (15) "Delivery" with respect to an electronic document of title
173 means voluntary transfer of control and with respect to instruments,
174 tangible documents of title, chattel paper, or certificated securities
175 means voluntary transfer of possession.

176 [(15)] (16) "Document of title" means a record (A) that in the regular
177 course of business or financing is treated as adequately evidencing that
178 the person in possession or control of the record is entitled to receive,
179 control, hold and dispose of the record and the goods the record
180 covers, and (B) that purports to be issued by or addressed to a bailee
181 and to cover goods in the bailee's possession which are either
182 identified or are fungible portions of an identified mass. The term
183 includes a bill of lading, transport document, dock warrant, dock
184 receipt, warehouse receipt and order for delivery of goods. An
185 electronic document of title means a document of title evidenced by a
186 record consisting of information stored in an electronic medium. A
187 tangible document of title means a document of title evidenced by a
188 record consisting of information that is inscribed on a tangible
189 medium.

190 [(16)] (17) "Fault" means [wrongful act, omission or breach] a
191 default, breach or wrongful act or omission.

192 [(17) "Fungible" with respect to goods or securities means goods or
193 securities of which any unit is, by nature or usage of trade, the
194 equivalent of any other like unit. Goods which are not fungible shall be
195 deemed fungible for the purposes of this title to the extent that under a
196 particular agreement or document unlike units are treated as
197 equivalents.]

198 (18) "Fungible goods" means:

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

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

202 [(18)] (19) "Genuine" means free of forgery or counterfeiting.

203 [(19)] (20) "Good faith" means honesty in fact [in the conduct or
204 transaction concerned] and the observance of reasonable commercial
205 standards of fair dealing.

206 [(20)] (21) "Holder" means:

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

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

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

215 [(21) To "honor" is to pay or to accept and pay, or where a credit so
216 engages to purchase or discount a draft complying with the terms of
217 the credit.]

218 (22) ["Insolvency proceedings"] "Insolvency proceeding" includes
219 [any] an assignment for the benefit of creditors or other [proceedings]
220 proceeding intended to liquidate or rehabilitate the estate of the person
221 involved.

222 (23) [A person is "insolvent" who either has ceased to pay his debts
223 in the ordinary course of business or cannot pay his debts as they
224 become due or is insolvent within the meaning of the federal
225 bankruptcy law] "Insolvent" means:

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

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

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

230 (24) "Money" means a medium of exchange currently authorized or
231 adopted by a domestic or foreign government. [and] The term includes
232 a monetary unit of account established by an intergovernmental
233 organization or by agreement between two or more [nations]

234 countries.

235 [(25) Subject to subdivision (27) of this section, a person has "notice"
236 of a fact if the person:

237 (A) Has actual knowledge of it;

238 (B) Has received a notice or notification of it; or

239 (C) From all the facts and circumstances known to the person at the
240 time in question, has reason to know that it exists. A person "knows" or
241 has "knowledge" of a fact when the person has actual knowledge of it.
242 "Discover" or "learn" or a word or phrase of similar import refers to
243 knowledge rather than to reason to know. The time and circumstances
244 under which a notice or notification may cease to be effective are not
245 determined by this title.

246 (26) A person "notifies" or "gives" a notice or notification to another
247 person by taking such steps as may be reasonably required to inform
248 the other person in ordinary course, whether or not the other person
249 actually comes to know of it. Subject to subdivision (27) of this section,
250 a person "receives" a notice or notification when:

251 (A) It comes to that person's attention; or

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

256 (27) Notice, knowledge or a notice or notification received by an
257 organization is effective for a particular transaction from the time
258 when it is brought to the attention of the individual conducting that
259 transaction, and in any event, from the time when it would have been
260 brought to the individual's attention if the organization had exercised
261 due diligence. An organization exercises due diligence if it maintains
262 reasonable routines for communicating significant information to the

263 person conducting the transaction and there is reasonable compliance
264 with the routines. Due diligence does not require an individual acting
265 for the organization to communicate information unless such
266 communication is part of the individual's regular duties or the
267 individual has reason to know of the transaction and that the
268 transaction would be materially affected by the information.]

269 [(28)] (25) "Organization" [includes a corporation, government or
270 governmental subdivision or agency, business trust, estate, trust,
271 partnership or association, two or more persons having a joint or
272 common interest, or any other legal or commercial entity] means a
273 person other than an individual.

274 [(29)] (26) "Party", as [distinct] distinguished from "third party",
275 means a person [who] that has engaged in a transaction or made an
276 agreement [within] subject to this title.

277 [(30)] (27) "Person" [includes an individual or an organization]
278 means an individual, corporation, business trust, estate, trust,
279 partnership, limited liability company, association, joint venture,
280 government, governmental subdivision, agency or instrumentality,
281 public corporation or any other legal or commercial entity.

282 [(31) "Presumption" or "presumed" means that the trier of fact must
283 find the existence of the fact presumed unless and until evidence is
284 introduced which would support a finding of its nonexistence.]

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

292 [(32)] (29) "Purchase" [includes] means taking by sale, lease,

293 discount, negotiation, mortgage, pledge, lien, security interest, issue or
294 reissue, gift or any other voluntary transaction creating an interest in
295 property.

296 [(33)] (30) "Purchaser" means a person [who] that takes by purchase.

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

300 [(34)] (32) "Remedy" means any remedial right to which an
301 aggrieved party is entitled with or without resort to a tribunal.

302 [(35)] (33) "Representative" [includes an agent, an officer of a
303 corporation or association, and a trustee, executor or administrator of
304 an estate, or any other] means a person empowered to act for another,
305 including an agent, an officer of a corporation or association, and a
306 trustee, executor or administrator of an estate.

307 [(36)] "Rights" include remedies.]

308 (34) "Right" includes remedy.

309 [(37)] (35) "Security interest" means an interest in personal property
310 or fixtures which secures payment or performance of an obligation.
311 [The term also] "Security interest" includes any interest of a consignor
312 and a buyer of accounts, chattel paper, a payment intangible or a
313 promissory note in a transaction that is subject to article 9. [The]
314 "Security interest" does not include the special property interest of a
315 buyer of goods on identification of such goods to a contract for sale
316 under section 42a-2-401, [is not a "security interest",] but a buyer may
317 also acquire a "security interest" by complying with article 9. Except as
318 otherwise provided in section 42a-2-505, the right of a seller or lessor of
319 goods under article 2 or 2A to retain or acquire possession of the goods
320 is not a "security interest", but a seller or lessor may also acquire a
321 "security interest" by complying with article 9. The retention or
322 reservation of title by a seller of goods, notwithstanding shipment or

323 delivery to the buyer [pursuant to] under section 42a-2-401, is limited
324 in effect to a reservation of a "security interest". Whether a transaction
325 [creates a lease or a "security interest" is determined by the facts of
326 each case; however, a transaction creates a "security interest" if the
327 consideration the lessee is to pay the lessor for the right to possession
328 and use of the goods is an obligation for the term of the lease not
329 subject to termination by the lessee, and (a) the original term of the
330 lease is equal to or greater than the remaining economic life of the
331 goods, (b) the lessee is bound to renew the lease for the remaining
332 economic life of the goods or is bound to become owner of the goods,
333 (c) the lessee has an option to renew the lease for the remaining
334 economic life of the goods for no additional consideration or nominal
335 additional consideration upon compliance with the lease agreement, or
336 (d) the lessee has an option to become the owner of the goods for no
337 additional consideration or nominal additional consideration upon
338 compliance with the lease agreement. A transaction does not create a
339 "security interest" merely because it provides that (A) the present value
340 of the consideration the lessee is obligated to pay the lessor for the
341 right to possession and use of the goods is substantially equal to or is
342 greater than the fair market value of the goods at the time the lease is
343 entered into, (B) the lessee assumes risk of loss of the goods, or agrees
344 to pay taxes, insurance, filing, recording or registration fees, or service
345 or maintenance costs with respect to the goods, (C) the lessee has an
346 option to renew the lease or to become the owner of the goods, (D) the
347 lessee has an option to renew the lease for a fixed rent that is equal to
348 or greater than the reasonably predictable fair market rent for the use
349 of the goods for the term of the renewal at the time the option is to be
350 performed, or (E) the lessee has an option to become the owner of the
351 goods for a fixed price that is equal to or greater than the reasonably
352 predictable fair market value of the goods at the time the option is to
353 be performed. For the purposes of this subdivision: (i) Additional
354 consideration is not nominal if (I) when the option to renew the lease is
355 granted to the lessee, the rent is stated to be the fair market rent for the
356 use of the goods for the term of the renewal determined at the time the

357 option is to be performed, or (II) when the option to become the owner
358 of the goods is granted to the lessee, the price is stated to be the fair
359 market value of the goods determined at the time the option is to be
360 performed; (ii) additional consideration is nominal if it is less than the
361 lessee's reasonably predictable cost of performing under the lease
362 agreement if the option is not exercised; (iii) "reasonably predictable"
363 and "remaining economic life of the goods" are to be determined with
364 reference to the facts and circumstances at the time the transaction is
365 entered into; and (iv) "present value" means the amount as of a date
366 certain of one or more sums payable in the future, discounted to the
367 date certain. The discount is determined by the interest rate specified
368 by the parties if the rate is not manifestly unreasonable at the time the
369 transaction is entered into; otherwise, the discount is determined by a
370 commercially reasonable rate that takes into account the facts and
371 circumstances of each case at the time the transaction was entered into]
372 in the form of a lease creates a "security interest" is determined
373 pursuant to section 42a-1-203, as amended by this act.

374 [(38)] (36) "Send" in connection with a writing, record or notice
375 means:

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

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

383 [(39)] (37) "Signed" includes using any symbol executed or adopted
384 [by a party] with present intention to [authenticate] adopt or accept a
385 writing.

386 (38) "State" means a state of the United States, the District of
387 Columbia, Puerto Rico, the United States Virgin Islands or any

388 territory or insular possession subject to the jurisdiction of the United
389 States.

390 [(40)] (39) "Surety" includes a guarantor or other secondary obligor.

391 [(41) "Telegram" includes a message transmitted by radio, teletype,
392 cable, any mechanical method of transmission, or the like.]

393 [(42)] (40) "Term" means [that] a portion of an agreement [which]
394 that relates to a particular matter.

395 [(43)] (41) "Unauthorized signature" means [one] a signature made
396 without actual, implied, or apparent authority. [and] The term
397 includes a forgery.

398 [(44) "Value". Except as otherwise provided by sections 42a-3-303,
399 42a-4-210 and 42a-4-211 with respect to negotiable instruments and
400 bank collections a person gives "value" for rights if he acquires them
401 (a) in return for a binding commitment to extend credit or for the
402 extension of immediately available credit whether or not drawn upon
403 and whether or not a charge-back is provided for in the event of
404 difficulties in collection; or (b) as security for or in total or partial
405 satisfaction of a preexisting claim; or (c) by accepting delivery
406 pursuant to a preexisting contract for purchase; or (d) generally, in
407 return for any consideration sufficient to support a simple contract.]

408 [(45)] (42) "Warehouse receipt" means a document of title issued by
409 a person engaged in the business of storing goods for hire.

410 [(46)] (43) "Written" or "writing" includes printing, typewriting or
411 any other intentional reduction to tangible form.

412 Sec. 8. Section 42a-1-202 of the general statutes is repealed and the
413 following is substituted in lieu thereof (*Effective October 1, 2005*):

414 [A document in due form purporting to be a bill of lading, policy or
415 certificate of insurance, official weigher's or inspector's certificate,

416 consular invoice, or any other document authorized or required by the
417 contract to be issued by a third party shall be prima facie evidence of
418 its own authenticity and genuineness and of the facts stated in the
419 document by the third party.]

420 (a) Subject to subsection (f) of this section, a person has "notice" of a
421 fact if the person:

422 (1) Has actual knowledge of it;

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

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

426 (b) "Knowledge" or "knows" means actual knowledge.

427 (c) "Discover", "learn" or words of similar import refer to knowledge
428 rather than to reason to know.

429 (d) A person "notifies" or "gives" a notice or notification to another
430 person by taking such steps as may be reasonably required to inform
431 the other person in ordinary course, whether or not the other person
432 actually comes to know of it.

433 (e) Subject to subsection (f) of this section, a person "receives" a
434 notice or notification when:

435 (1) It comes to that person's attention; or

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

440 (f) Notice, knowledge or a notice or notification received by an
441 organization is effective for a particular transaction from the time it is
442 brought to the attention of the individual conducting that transaction

443 and, in any event, from the time it would have been brought to the
444 individual's attention if the organization had exercised due diligence.
445 An organization exercises due diligence if it maintains reasonable
446 routines for communicating significant information to the person
447 conducting the transaction and there is reasonable compliance with the
448 routines. Due diligence does not require an individual acting for the
449 organization to communicate information unless the communication is
450 part of the individual's regular duties or the individual has reason to
451 know of the transaction and that the transaction would be materially
452 affected by the information.

453 Sec. 9. Section 42a-1-203 of the general statutes is repealed and the
454 following is substituted in lieu thereof (*Effective October 1, 2005*):

455 [Every contract or duty within this title imposes an obligation of
456 good faith in its performance or enforcement.]

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

459 (b) A transaction in the form of a lease creates a security interest if
460 the consideration that the lessee is to pay the lessor for the right to
461 possession and use of the goods is an obligation for the term of the
462 lease and is not subject to termination by the lessee, and:

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

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

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

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

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

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

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

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

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

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

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

495 (d) Additional consideration is nominal if it is less than the lessee's
496 reasonably predictable cost of performing under the lease agreement if
497 the option is not exercised. Additional consideration is not nominal if:

498 (1) When the option to renew the lease is granted to the lessee, the
499 rent is stated to be the fair market rent for the use of the goods for the

500 term of the renewal determined at the time the option is to be
501 performed; or

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

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

509 Sec. 10. Section 42a-1-204 of the general statutes is repealed and the
510 following is substituted in lieu thereof (*Effective October 1, 2005*):

511 [(1) Whenever this title requires any action to be taken within a
512 reasonable time, any time which is not manifestly unreasonable may
513 be fixed by agreement.

514 (2) What is a reasonable time for taking any action depends on the
515 nature, purpose and circumstances of such action.

516 (3) An action is taken "seasonably" when it is taken at or within the
517 time agreed or if no time is agreed at or within a reasonable time.]

518 Except as otherwise provided in articles 3, 4 and 5, a person gives
519 value for rights if the person acquires them:

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

524 (2) As security for, or in total or partial satisfaction of, a preexisting
525 claim;

526 (3) By accepting delivery under a preexisting contract for purchase;
527 or

528 (4) In return for any consideration sufficient to support a simple
529 contract.

530 Sec. 11. Section 42a-1-205 of the general statutes is repealed and the
531 following is substituted in lieu thereof (*Effective October 1, 2005*):

532 [(1) A course of dealing is a sequence of previous conduct between
533 the parties to a particular transaction which is fairly to be regarded as
534 establishing a common basis of understanding for interpreting their
535 expressions and other conduct.

536 (2) A usage of trade is any practice or method of dealing having
537 such regularity of observance in a place, vocation or trade as to justify
538 an expectation that it will be observed with respect to the transaction
539 in question. The existence and scope of such a usage are to be proved
540 as facts. If it is established that such a usage is embodied in a written
541 trade code or similar writing the interpretation of the writing is for the
542 court.

543 (3) A course of dealing between parties and any usage of trade in
544 the vocation or trade in which they are engaged or of which they are or
545 should be aware give particular meaning to and supplement or qualify
546 terms of an agreement.

547 (4) The express terms of an agreement and an applicable course of
548 dealing or usage of trade shall be construed wherever reasonable as
549 consistent with each other; but when such construction is unreasonable
550 express terms control both course of dealing and usage of trade and
551 course of dealing controls usage of trade.

552 (5) An applicable usage of trade in the place where any part of
553 performance is to occur shall be used in interpreting the agreement as
554 to that part of the performance.

555 (6) Evidence of a relevant usage of trade offered by one party is not
556 admissible unless and until he has given the other party such notice as
557 the court finds sufficient to prevent unfair surprise to the latter.]

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

561 (b) An action is taken seasonably if it is taken at or within the time
562 agreed or, if no time is agreed, at or within a reasonable time.

563 Sec. 12. Section 42a-1-206 of the general statutes is repealed and the
564 following is substituted in lieu thereof (*Effective October 1, 2005*):

565 [(1) Except in the cases described in subsection (2) of this section a
566 contract for the sale of personal property is not enforceable by way of
567 action or defense beyond five thousand dollars in amount or value of
568 remedy unless there is some writing which indicates that a contract for
569 sale has been made between the parties at a defined or stated price,
570 reasonably identifies the subject matter, and is signed by the party
571 against whom enforcement is sought or by his authorized agent.

572 (2) Subsection (1) of this section does not apply to contracts for the
573 sale of goods nor of securities nor to security agreements.]

574 Whenever this title creates a "presumption" with respect to a fact, or
575 provides that a fact is "presumed", the trier of fact must find the
576 existence of the fact unless and until evidence is introduced that
577 supports a finding of its nonexistence.

578 Sec. 13. (NEW) (*Effective October 1, 2005*) (a) In this section:

579 (1) "Domestic transaction" means a transaction other than an
580 international transaction.

581 (2) "International transaction" means a transaction that bears a
582 reasonable relation to a country other than the United States.

583 (b) This section applies to a transaction to the extent that it is
584 governed by another article of title 42a of the general statutes.

585 (c) Except as otherwise provided in this section:

586 (1) An agreement by parties to a domestic transaction that any or all
587 of their rights and obligations are to be determined by the law of this
588 state or of another state is effective, whether or not the transaction
589 bears a relation to the state designated; and

590 (2) An agreement by parties to an international transaction that any
591 or all of their rights and obligations are to be determined by the law of
592 this state or of another state or country is effective, whether or not the
593 transaction bears a relation to the state or country designated.

594 (d) In the absence of an agreement effective under subsection (c) of
595 this section, and except as provided in subsections (e) and (g) of this
596 section, the rights and obligations of the parties are determined by the
597 law that would be selected by application of this state's conflict of laws
598 principles.

599 (e) If one of the parties to a transaction is a consumer, the following
600 rules apply:

601 (1) An agreement referred to in subsection (c) of this section is not
602 effective unless the transaction bears a reasonable relation to the state
603 or country designated.

604 (2) Application of the law of the state or country determined
605 pursuant to subsection (c) or (d) of this section may not deprive the
606 consumer of the protection of any rule of law governing a matter
607 within the scope of this section, which is both protective of consumers
608 and may not be varied by agreement:

609 (A) Of the state or country in which the consumer principally
610 resides, unless subparagraph (B) of this subdivision applies; or

611 (B) If the transaction is a sale of goods, of the state or country in
612 which the consumer both makes the contract and takes delivery of
613 such goods, if such state or country is not the state or country in which
614 the consumer principally resides.

615 (f) An agreement otherwise effective under subsection (c) of this
616 section is not effective to the extent that application of the law of the
617 state or country designated would be contrary to a fundamental policy
618 of the state or country whose law would govern in the absence of
619 agreement under subsection (d) of this section.

620 (g) To the extent that title 42a of the general statutes governs a
621 transaction, if one of the following provisions of title 42a of the general
622 statutes specifies the applicable law, that provision governs and a
623 contrary agreement is effective only to the extent permitted by the law
624 so specified:

625 (1) Section 42a-2-402 of the general statutes, as amended by this act;

626 (2) Sections 42a-2A-105 and 42a-2A-106 of the general statutes;

627 (3) Section 42a-4-102 of the general statutes;

628 (4) Section 42a-4A-507 of the general statutes;

629 (5) Section 42a-5-116 of the general statutes;

630 (6) Section 42a-8-110 of the general statutes;

631 (7) Sections 42a-9-301 to 42a-9-307, inclusive, of the general statutes.

632 Sec. 14. (NEW) (*Effective October 1, 2005*) (a) Except as otherwise
633 provided in subsection (b) of this section or elsewhere in title 42a of the
634 general statutes, the effect of provisions of title 42a of the general
635 statutes may be varied by agreement.

636 (b) The obligations of good faith, diligence, reasonableness and care
637 prescribed by title 42a of the general statutes may not be disclaimed by
638 agreement. The parties, by agreement, may determine the standards by
639 which the performance of such obligations is to be measured if such
640 standards are not manifestly unreasonable. Whenever title 42a of the
641 general statutes requires an action to be taken within a reasonable
642 time, a time that is not manifestly unreasonable may be fixed by

643 agreement.

644 (c) The presence in certain provisions of title 42a of the general
645 statutes of the phrase "unless otherwise agreed", or words of similar
646 import, does not imply that the effect of other provisions may not be
647 varied by agreement under this section.

648 Sec. 15. (NEW) (*Effective October 1, 2005*) (a) A "course of
649 performance" is a sequence of conduct between the parties to a
650 particular transaction that exists if:

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

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

656 (b) A "course of dealing" is a sequence of conduct concerning
657 previous transactions between the parties to a particular transaction
658 that is fairly to be regarded as establishing a common basis of
659 understanding for interpreting their expressions and other conduct.

660 (c) A "usage of trade" is any practice or method of dealing having
661 such regularity of observance in a place, vocation or trade as to justify
662 an expectation that it will be observed with respect to the transaction
663 in question. The existence and scope of such a usage must be proved as
664 facts. If it is established that such a usage is embodied in a trade code
665 or similar record, the interpretation of the record is a question of law.

666 (d) A course of performance or course of dealing between the
667 parties or usage of trade in the vocation or trade in which they are
668 engaged or of which they are or should be aware is relevant in
669 ascertaining the meaning of the parties' agreement, may give particular
670 meaning to specific terms of the agreement and may supplement or
671 qualify the terms of the agreement. A usage of trade applicable in the
672 place in which part of the performance under the agreement is to occur

673 may be so utilized as to that part of the performance.

674 (e) Except as otherwise provided in subsection (f) of this section, the
675 express terms of an agreement and any applicable course of
676 performance, course of dealing or usage of trade must be construed
677 whenever reasonable as consistent with each other. If such a
678 construction is unreasonable:

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

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

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

684 (f) Subject to section 42a-2-209 of the general statutes, a course of
685 performance is relevant to show a waiver or modification of any term
686 inconsistent with the course of performance.

687 (g) Evidence of a relevant usage of trade offered by one party is not
688 admissible unless that party has given the other party notice that the
689 court finds sufficient to prevent unfair surprise to the other party.

690 Sec. 16. (NEW) (*Effective October 1, 2005*) Every contract or duty
691 within title 42a of the general statutes imposes an obligation of good
692 faith in its performance and enforcement.

693 Sec. 17. (NEW) (*Effective October 1, 2005*) (a) The remedies provided
694 by title 42a of the general statutes must be liberally administered to the
695 end that the aggrieved party may be put in as good a position as if the
696 other party had fully performed, but neither consequential or special
697 damages nor penal damages may be had except as specifically
698 provided in title 42a of the general statutes or by other rule of law.

699 (b) Any right or obligation declared by title 42a of the general
700 statutes is enforceable by action unless the provision declaring it

701 specifies a different and limited effect.

702 Sec. 18. (NEW) (*Effective October 1, 2005*) A claim or right arising out
703 of an alleged breach may be discharged in whole or in part without
704 consideration by agreement of the aggrieved party in an authenticated
705 record.

706 Sec. 19. (NEW) (*Effective October 1, 2005*) A document in due form
707 purporting to be a bill of lading, policy or certificate of insurance,
708 official weigher's or inspector's certificate, consular invoice, or any
709 other document authorized or required by the contract to be issued by
710 a third party is prima facie evidence of its own authenticity and
711 genuineness and of the facts stated in the document by the third party.

712 Sec. 20. (NEW) (*Effective October 1, 2005*) (a) A party that, with
713 explicit reservation of rights, performs or promises performance or
714 assents to performance in a manner demanded or offered by the other
715 party does not thereby prejudice the rights reserved. Such words as
716 "without prejudice", "under protest" or the like are sufficient.

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

719 Sec. 21. (NEW) (*Effective October 1, 2005*) A term providing that one
720 party or that party's successor in interest may accelerate payment or
721 performance or require collateral or additional collateral "at will" or
722 when the party "deems itself insecure", or words of similar import,
723 means that the party has power to do so only if that party in good faith
724 believes that the prospect of payment or performance is impaired. The
725 burden of establishing lack of good faith is on the party against which
726 the power has been exercised.

727 Sec. 22. (NEW) (*Effective October 1, 2005*) An obligation may be
728 issued as subordinated to performance of another obligation of the
729 person obligated, or a creditor may subordinate its right to
730 performance of an obligation by agreement with either the person

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

734 Sec. 23. Subsection (1) of section 42a-2-103 of the general statutes is
735 repealed and the following is substituted in lieu thereof (*Effective*
736 *October 1, 2005*):

737 (1) In this article unless the context otherwise requires: (a) "Buyer"
738 means a person who buys or contracts to buy goods. [(b) "Good faith"
739 in the case of a merchant means honesty in fact and the observance of
740 reasonable commercial standards of fair dealing in the trade. (c)] (b)
741 "Receipt" of goods means taking physical possession of them. [(d)] (c)
742 "Seller" means a person who sells or contracts to sell goods.

743 Sec. 24. Section 42a-2-202 of the general statutes is repealed and the
744 following is substituted in lieu thereof (*Effective October 1, 2005*):

745 Terms with respect to which the confirmatory memoranda of the
746 parties agree or which are otherwise set forth in a writing intended by
747 the parties as a final expression of their agreement with respect to such
748 terms as are included therein may not be contradicted by evidence of
749 any prior agreement or of a contemporaneous oral agreement but may
750 be explained or supplemented (a) by course of performance, course of
751 dealing or usage of trade as provided by section [42a-1-205 or by
752 course of performance as provided by section 42a-2-208] 15 of this act;
753 and (b) by evidence of consistent additional terms unless the court
754 finds the writing to have been intended also as a complete and
755 exclusive statement of the terms of the agreement.

756 Sec. 25. Subsection (3) of section 42a-2-402 of the general statutes is
757 repealed and the following is substituted in lieu thereof (*Effective*
758 *October 1, 2005*):

759 (3) When a seller remains in possession of goods which have been
760 sold or identified to a contract for sale or of goods which, after sale,

761 have been leased back to him, the buyer or lessor of such goods may
762 protect his interest by complying with the filing provisions of article 9.
763 On compliance the buyer or lessor has, against creditors of and
764 purchasers from the seller, the rights of a secured party with a
765 perfected security interest. Such filing does not, of itself, make the
766 interest of the buyer or lessor a security interest, as defined by
767 [subsection (37)] subdivision (35) of subsection (b) of section 42a-1-201,
768 as amended by this act.

769 Sec. 26. Section 42a-2A-102 of the general statutes is repealed and
770 the following is substituted in lieu thereof (*Effective October 1, 2005*):

771 (a) In this article:

772 (1) "Authenticate" means:

773 (A) To sign; or

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

778 (2) "Cancellation" means an act by either party which ends a lease
779 contract because of a default by the other party.

780 (3) "Commercial unit" means a unit of goods which by commercial
781 usage is a single whole for purposes of lease and whose division
782 materially impairs its character or value in the relevant market or in
783 use. A commercial unit may be a single article, such as a machine; a set
784 of articles, such as a suite of furniture or a line of machinery; a
785 quantity, such as a gross or carload; or any other unit treated in use or
786 in the relevant market as a single whole.

787 (4) "Computer" means an electronic device that can perform
788 substantial computations, including numerous arithmetic operations
789 or logic operations, without human intervention during the

790 computation or operation.

791 (5) "Conforming" goods or conduct under a lease contract means
792 goods or performance that are in accordance with the obligations
793 under the contract.

794 (6) "Conspicuous", with reference to a term, means so written,
795 displayed or otherwise presented that a reasonable person against
796 which it is to operate ought to have noticed it. A term in an electronic
797 record intended to evoke a response by an electronic agent is
798 conspicuous if it is presented in a form that would enable a reasonably
799 configured electronic agent to take it into account or react without
800 review of the record by an individual. Conspicuous terms include the
801 following:

802 (A) With respect to a person:

803 (i) A heading in capitals in a size equal to or greater than, or in
804 contrasting type, font or color to, the surrounding text;

805 (ii) Language in the body of a record or display in larger or other
806 contrasting type, font or color or set off from the surrounding text by
807 symbols or other marks that call attention to the language; and

808 (iii) A term prominently referenced in an electronic record or
809 display which is readily accessible and reviewable from the record or
810 display; and

811 (B) With respect to a person or an electronic agent, a term or
812 reference to a term that is so placed in a record or display that the
813 person or electronic agent can not proceed without taking some action
814 with respect to the term or reference.

815 (7) "Consumer" means an individual who leases or contracts to lease
816 goods that, at the time of contracting, are intended by the individual to
817 be used primarily for personal, family or household purposes.
818 Personal, family or household use does not include professional or

819 commercial purposes, including agriculture, business management
820 and investment management, other than management of the
821 individual's personal or family investments.

822 (8) "Consumer lease" means a lease between a merchant lessor and a
823 consumer.

824 (9) "Delivery" means the voluntary transfer of physical possession or
825 control of goods.

826 (10) "Electronic" means relating to technology having electrical,
827 digital, magnetic, wireless, optical or electromagnetic capabilities or
828 similar capabilities.

829 (11) "Electronic agent" means a computer program or electronic or
830 other automated means used to initiate an action or to respond to
831 electronic messages or performances without intervention by an
832 individual at the time of the action or response.

833 (12) "Electronic message" means an electronic record or display
834 stored, generated or transmitted by electronic means for purposes of
835 communication to another person or electronic agent.

836 (13) "Electronic event" means an electronic authentication, message,
837 record or performance.

838 (14) "Finance lease" means a lease with respect to which:

839 (A) The lessor does not select, manufacture or supply the goods;

840 (B) The lessor acquires the goods or the right to possession and use
841 of the goods in connection with the lease or, in the case of goods that
842 have been leased previously by the lessor and are not being leased to a
843 consumer, in connection with another lease; and

844 (C) One of the following occurs:

845 (i) The lessee receives a copy of the agreement by which the lessor

846 acquired, or proposes to acquire, the goods or the right to possession
847 and use of the goods before authenticating the lease agreement;

848 (ii) The lessee's approval of the agreement or of the general
849 contractual terms under which the lessor acquired or proposes to
850 acquire the goods or the right to possession and use of the goods is a
851 condition to the effectiveness of the lease contract;

852 (iii) The lessee, before authenticating the lease agreement, receives
853 an accurate and complete statement designating the promises and
854 warranties, and any disclaimers of warranties, limitations or
855 modifications of remedies, or liquidated damages, including those of a
856 third party, such as the manufacturer of the goods, provided to the
857 lessor by the person supplying the goods in connection with or as part
858 of the contract by which the lessor acquired the goods or the right to
859 possession and use of the goods; or

860 (iv) If the lease is not a consumer lease, before the lessee
861 authenticates the lease agreement, the lessor informs the lessee in
862 writing:

863 (I) Of the identity of the person supplying the goods to the lessor,
864 unless the lessee has selected such person and directed the lessor to
865 acquire the goods or the right to possession and use of the goods from
866 such person;

867 (II) That the lessee is entitled under this article to the promises and
868 warranties, including those of any third party, provided to the lessor
869 by the person supplying the goods in connection with or as part of the
870 contract by which the lessor acquired the goods or the right to
871 possession and use of the goods; and

872 (III) That the lessee may communicate with the person supplying
873 the goods to the lessor and receive an accurate and complete statement
874 of such promises and warranties, including any disclaimers and
875 limitations of such promises and warranties, or a statement of

876 remedies.

877 [(15) "Good faith" means honesty in fact and the observance of
878 reasonable commercial standards of fair dealing.]

879 [(16)] (15) "Goods" means all things that are movable at the time of
880 identification to a lease contract or that are fixtures. The term includes
881 the unborn young of animals. The term does not include money in
882 which the rent is to be paid, the subject of foreign exchange
883 transactions, documents, letters of credit, instruments, investment
884 property, accounts, chattel paper or general intangibles, payment
885 intangibles or minerals, or the like, including oil and gas, before
886 extraction.

887 [(17)] (16) "Information processing system" means an electronic
888 system for creating, generating, sending, receiving, storing, displaying
889 or processing information.

890 [(18)] (17) "Lease" means the transfer of the right to possession and
891 use of goods for a period in return for consideration. The term includes
892 a sublease unless the context clearly indicates otherwise. The term does
893 not include a sale, including a sale on approval or a sale or return, or
894 retention or creation of a security interest.

895 [(19)] (18) "Lease agreement" means the bargain, with respect to the
896 lease, of the lessor and the lessee in fact as found in their language or
897 inferred from other circumstances, including course of performance,
898 course of dealing, or usage of trade as provided in this article. The
899 term includes a sublease agreement unless the context clearly indicates
900 otherwise.

901 [(20)] (19) "Lease contract" means the total legal obligation resulting
902 from the lease agreement as affected by this article and other
903 applicable law. The term includes a sublease contract unless the
904 context clearly indicates otherwise.

905 [(21)] (20) "Leasehold interest" means the interest of the lessor or the

906 lessee under a lease contract.

907 [(22)] (21) "Lessee" means a person that acquires the right to
908 possession and use of goods under a lease. The term includes a
909 sublessee unless the context clearly indicates otherwise.

910 [(23)] (22) "Lessee in ordinary course of business" means a person
911 that, in good faith and without knowledge that the person's lease is in
912 violation of ownership rights, a security interest or a leasehold interest
913 of a third party in the goods, leases in the ordinary course from a
914 person in the business of selling or leasing goods of that kind for cash
915 or by exchange of other property or on secured or unsecured credit,
916 including acquiring goods or documents of title under a preexisting
917 lease contract, but not including a transfer in bulk, or as security for or
918 in total or partial satisfaction of a money debt. The term does not
919 include a pawnbroker.

920 [(24)] (23) "Lessor" means a person that transfers the right to
921 possession and use of goods under a lease. The term includes a
922 sublessor unless the context clearly indicates otherwise.

923 [(25)] (24) "Lessor's residual interest" means the lessor's interest in
924 goods after expiration, termination or cancellation of a lease contract.

925 [(26)] (25) "Lien" means a charge against or interest in goods to
926 secure payment of a debt or performance of an obligation. The term
927 does not include a security interest.

928 [(27)] (26) "Lot" means a parcel or single article that is the subject
929 matter of a separate lease or delivery, whether or not it is sufficient to
930 perform the lease contract.

931 [(28)] (27) "Merchant lessee" means a lessee that is a merchant with
932 respect to goods of the kind subject to the lease.

933 [(29)] (28) "Present value" means the amount as of a date certain of
934 one or more sums payable in the future, discounted to the date certain.

935 In determining present value, the discount is determined by the
936 interest rate specified by the parties if the rate was not manifestly
937 unreasonable at the time the transaction was entered into. Otherwise,
938 the discount is determined by a commercially reasonable rate that
939 takes into account the facts and circumstances of each case at the time
940 the transaction was entered into.

941 ~~[(30)]~~ (29) "Receive" means:

942 (A) With respect to goods, to take delivery; or

943 (B) With respect to a notice:

944 (i) To come to a person's attention; or

945 (ii) To be delivered to and available at a location designated by
946 agreement for the purpose of notice, or, in the absence of an agreed
947 location:

948 (I) To be delivered at the person's residence, or the person's place of
949 business through which the contract was made, or at any other place
950 held out by the person as a place for the receipt of such notices; or

951 (II) In the case of an electronic record, to come into existence in an
952 information processing system in a form capable of being processed by
953 or perceived from a system of that type, if the recipient uses, has
954 designated or holds out that system as a place for the receipt of the
955 notices.

956 ~~[(31)]~~ "Record" means information that is inscribed on a tangible
957 medium or that is stored in an electronic or other medium and is
958 retrievable in perceivable form.]

959 ~~[(32)]~~ (30) "Send" means, with any costs provided for and properly
960 addressed or directed as reasonable under the circumstances or as
961 otherwise agreed, to (A) deposit in the mail or with a commercially
962 reasonable carrier, (B) deliver for transmission to or creation in another

963 location or system, or (C) take the steps necessary to initiate
964 transmission to or creation in another location or system. In addition,
965 with respect to an electronic message, the term means to initiate
966 operations that in the ordinary course will cause the record to come
967 into existence in an information processing system in a form capable of
968 being processed by or perceived from a system of that type by the
969 recipient, if the recipient uses, has designated or holds out that system
970 or address as a place for the receipt of communications of the kind.
971 Receipt within the time in which it would have arrived if properly sent
972 has the effect of a proper sending.

973 [(33)] (31) "Sublease" means a lease of goods whose right to
974 possession and use is acquired by the lessor as a lessee under an
975 existing lease.

976 [(34)] (32) "Supplier" means a person from which a lessor buys or
977 leases goods to be leased under a finance lease.

978 [(35)] (33) "Supply contract" means a contract under which a lessor
979 buys or leases goods to be leased.

980 [(36)] (34) "Termination" means the ending of a contract or a part
981 thereof by an act by a party under a power created by agreement or
982 law, or by operation of the terms of the agreement for a reason other
983 than for a default by the other party.

984 (b) The following definitions in other articles apply to this article:

- T14 "Account". Section 42a-9-102(a)(2).
- T15 "Between merchants". Section 42a-2-104(3).
- T16 "Buyer". Section 42a-2-103(1)(a), as amended by this act.
- T17 "Chattel paper". Section 42a-9-102(a)(11).
- T18 "Consumer goods". Section 42a-9-102(a)(23).
- T19 "Document". Section 42a-9-102(a)(30).
- T20 "Entrusting". Section 42a-2-403(3).
- T21 "General intangible". Section 42a-9-102(a)(42).

T22 "Instrument". Section 42a-9-102(a)(47).
T23 "Merchant". Section 42a-2-104(1).
T24 "Mortgage". Section 42a-9-102(a)(55).
T25 "Pursuant to commitment". Section 42a-9-102(a)(68).
T26 "Sale". Section 42a-2-106(1).
T27 "Sale on approval". Section 42a-2-326(1)(a).
T28 "Sale or return". Section 42a-2-326(1)(b).
T29 "Seller". Section [42a-2-103(1)(d)] 42a-2-103(1)(c), as
T30 amended by this act.

985 (c) In addition, article 1 contains general definitions and principles
986 of construction that apply throughout this article.

987 Sec. 27. Subsection (a) of section 42a-2A-704 of the general statutes is
988 repealed and the following is substituted in lieu thereof (*Effective*
989 *October 1, 2005*):

990 (a) In accordance with section [42a-1-106] 17 of this act, the remedies
991 provided in this article must be liberally administered with the
992 purpose of placing the aggrieved party in as good a position as if the
993 other party had fully performed.

994 Sec. 28. Subsection (a) of section 42a-2A-721 of the general statutes is
995 repealed and the following is substituted in lieu thereof (*Effective*
996 *October 1, 2005*):

997 (a) Except as otherwise provided with respect to damages
998 liquidated in the lease agreement under section 42a-2A-710 or
999 otherwise determined by agreement of the parties under [subdivision
1000 (3) of section 42a-1-102] section 14 of this act and section 42a-2A-711, if
1001 a lessor elects to retain the goods or elects to dispose of the goods and
1002 the disposition is by lease agreement that for any reason does not
1003 qualify for treatment under subsection (b) of section 42a-2A-720 or is
1004 by sale or otherwise, the lessor may recover from the lessee as
1005 damages for a default of the type described in subsection (a) or
1006 subdivision (1) of subsection (c) of section 42a-2A-716 or, if agreed, for

1007 other default of the lessee:

1008 (1) Accrued and unpaid rent as of the date of default if the lessee
1009 has never taken possession of the goods, or, if the lessee has taken
1010 possession of the goods, as of the date the lessor repossesses the goods
1011 or an earlier date on which the lessee makes a tender of the goods to
1012 the lessor;

1013 (2) The present value, as of the date determined under subdivision
1014 (1) of this subsection, of the total rent for the then remaining period of
1015 the original lease agreement, minus the present value as of the same
1016 date of the market rent at the place where the goods are located
1017 computed for the same lease term; and

1018 (3) Any incidental or consequential damages allowed under section
1019 42a-2A-706 or 42a-2A-707, less expenses saved in consequence of the
1020 lessee's default.

1021 Sec. 29. Subsection (a) of section 42a-3-103 of the general statutes is
1022 repealed and the following is substituted in lieu thereof (*Effective*
1023 *October 1, 2005*):

1024 (a) In this article:

1025 (1) "Acceptor" means a drawee who has accepted a draft.

1026 (2) "Drawee" means a person ordered in a draft to make payment.

1027 (3) "Drawer" means a person who signs or is identified in a draft as
1028 a person ordering payment.

1029 [(4) "Good faith" means honesty in fact and the observance of
1030 reasonable commercial standards of fair dealing.]

1031 [(5)] (4) "Maker" means a person who signs or is identified in a note
1032 as a person undertaking to pay.

1033 [(6)] (5) "Order" means a written instruction to pay money signed by

1034 the person giving the instruction. The instruction may be addressed to
1035 any person, including the person giving the instruction, or to one or
1036 more persons jointly or in the alternative but not in succession. An
1037 authorization to pay is not an order unless the person authorized to
1038 pay is also instructed to pay.

1039 [(7)] (6) "Ordinary care" in the case of a person engaged in business
1040 means observance of reasonable commercial standards, prevailing in
1041 the area in which the person is located, with respect to the business in
1042 which the person is engaged. In the case of a bank that takes an
1043 instrument for processing for collection or payment by automated
1044 means, reasonable commercial standards do not require the bank to
1045 examine the instrument if the failure to examine does not violate the
1046 bank's prescribed procedures and the bank's procedures do not vary
1047 unreasonably from general banking usage not disapproved by this
1048 article or article 4.

1049 [(8)] (7) "Party" means a party to an instrument.

1050 [(9)] (8) "Promise" means a written undertaking to pay money
1051 signed by the person undertaking to pay. An acknowledgment of an
1052 obligation by the obligor is not a promise unless the obligor also
1053 undertakes to pay the obligation.

1054 [(10)] (9) "Prove" with respect to a fact means to meet the burden of
1055 establishing the fact, [as defined in section 42a-1-201(8).]

1056 [(11)] (10) "Remitter" means a person who purchases an instrument
1057 from its issuer if the instrument is payable to an identified person
1058 other than the purchaser.

1059 Sec. 30. Subsection (c) of section 42a-4-104 of the general statutes is
1060 repealed and the following is substituted in lieu thereof (*Effective*
1061 *October 1, 2005*):

1062 (c) "Control" as provided in section [42a-106] 42a-7-106 and the
1063 following definitions in other articles apply to this article:

- T31 "Acceptance". Section 42a-3-409.
T32 "Alteration". Section 42a-3-407.
T33 "Cashier's check". Section 42a-3-104.
T34 "Certificate of deposit". Section 42a-3-104.
T35 "Certified check". Section 42a-3-409.
T36 "Check". Section 42a-3-104.
T37 ["Good faith". Section 42a-3-103.]
T38 "Holder in due course". Section 42a-3-302.
T39 "Instrument". Section 42a-3-104.
T40 "Notice of dishonor". Section 42a-3-503.
T41 "Order". Section 42a-3-103, as amended by this act.
T42 "Ordinary care". Section 42a-3-103, as amended by this act.
T43 "Person entitled to enforce". Section 42a-3-301.
T44 "Presentment". Section 42a-3-501.
T45 "Promise". Section 42a-3-103, as amended by this act.
T46 "Prove". Section 42a-3-103, as amended by this act.
T47 "Teller's check". Section 42a-3-104.
T48 "Unauthorized signature". Section 42a-3-403.

1064 Sec. 31. Subsection (a) of section 42a-4A-105 of the general statutes is
1065 repealed and the following is substituted in lieu thereof (*Effective*
1066 *October 1, 2005*):

1067 (a) In this article:

1068 (1) "Authorized account" means a deposit account of a customer in a
1069 bank designated by the customer as a source of payment of payment
1070 orders issued by the customer to the bank. If a customer does not so
1071 designate an account, any account of the customer is an authorized
1072 account if payment of a payment order from that account is not
1073 inconsistent with a restriction on the use of that account.

1074 (2) "Bank" means a person engaged in the business of banking and

1075 includes a savings bank, savings and loan association, credit union,
1076 and trust company. A branch or separate office of a bank is a separate
1077 bank for purposes of this article.

1078 (3) "Customer" means a person, including a bank, having an account
1079 with a bank or from whom a bank has agreed to receive payment
1080 orders.

1081 (4) "Funds-transfer business day" of a receiving bank means the part
1082 of a day during which the receiving bank is open for the receipt,
1083 processing, and transmittal of payment orders and cancellations and
1084 amendments of payment orders.

1085 (5) "Funds-transfer system" means a wire-transfer network,
1086 automated clearing house, or other communication system of a
1087 clearing house or other association of banks through which a payment
1088 order by a bank may be transmitted to the bank to which the order is
1089 addressed.

1090 [(6) "Good faith" means honesty in fact and the observance of
1091 reasonable commercial standards of fair dealing.]

1092 [(7)] (6) "Prove" with respect to a fact means to meet the burden of
1093 establishing the fact. [(Section 42a-1-201(8)).]

1094 Sec. 32. Subsection (a) of section 42a-4A-106 of the general statutes is
1095 repealed and the following is substituted in lieu thereof (*Effective*
1096 *October 1, 2005*):

1097 (a) The time of receipt of a payment order or communication
1098 cancelling or amending a payment order is determined by the rules
1099 applicable to receipt of a notice stated in [subsection (27) of section 42a-
1100 1-201] section 42a-1-202, as amended by this act. A receiving bank may
1101 fix a cutoff time or times on a funds-transfer business day for the
1102 receipt and processing of payment orders and communications
1103 cancelling or amending payment orders. Different cutoff times may
1104 apply to payment orders, cancellations, or amendments, or to different

1105 categories of payment orders, cancellations, or amendments. A cutoff
1106 time may apply to senders generally or different cutoff times may
1107 apply to different senders or categories of payment orders. If a
1108 payment order or communication cancelling or amending a payment
1109 order is received after the close of a funds-transfer business day or
1110 after the appropriate cutoff time on a funds-transfer business day, the
1111 receiving bank may treat the payment order or communication as
1112 received at the opening of the next funds-transfer business day.

1113 Sec. 33. Subsection (b) of section 42a-4A-204 of the general statutes is
1114 repealed and the following is substituted in lieu thereof (*Effective*
1115 *October 1, 2005*):

1116 (b) Reasonable time under subsection (a) of this section may be fixed
1117 by agreement as stated in subsection [(1) of section 42a-1-204] (b) of
1118 section 14 of this act, but the obligation of a receiving bank to refund
1119 payment as stated in subsection (a) of this section may not otherwise
1120 be varied by agreement.

1121 Sec. 34. Subsection (a) of section 42a-5-102 of the general statutes is
1122 repealed and the following is substituted in lieu thereof (*Effective*
1123 *October 1, 2005*):

1124 (a) In this article:

1125 (1) "Adviser" means a person who, at the request of the issuer, a
1126 confirmer or another adviser, notifies or requests another adviser to
1127 notify the beneficiary that a letter of credit has been issued, confirmed
1128 or amended.

1129 (2) "Applicant" means a person at whose request or for whose
1130 account a letter of credit is issued. The term includes a person who
1131 requests an issuer to issue a letter of credit on behalf of another if the
1132 person making the request undertakes an obligation to reimburse the
1133 issuer.

1134 (3) "Beneficiary" means a person who under the terms of a letter of

1135 credit is entitled to have its complying presentation honored. The term
1136 includes a person to whom drawing rights have been transferred
1137 under a transferable letter of credit.

1138 (4) "Confirmer" means a nominated person who undertakes, at the
1139 request or with the consent of the issuer, to honor a presentation under
1140 a letter of credit issued by another.

1141 (5) "Dishonor" of a letter of credit means failure timely to honor or
1142 to take an interim action, such as acceptance of a draft, that may be
1143 required by the letter of credit.

1144 (6) "Document" means a draft or other demand, document of title,
1145 investment security, certificate, invoice or other record, statement or
1146 representation of fact, law, right or opinion [(i)] (A) which is presented
1147 in a written or other medium permitted by the letter of credit or, unless
1148 prohibited by the letter of credit, by the standard practice referred to in
1149 subsection (e) of section 42a-5-108, and [(ii)] (B) which is capable of
1150 being examined for compliance with the terms and conditions of the
1151 letter of credit. A document may not be oral.

1152 [(7) "Good faith" means honesty in fact in the conduct or transaction
1153 concerned and the observance of reasonable commercial standards of
1154 fair dealing.]

1155 [(8)] (7) "Honor" of a letter of credit means performance of the
1156 issuer's undertaking in the letter of credit to pay or deliver an item of
1157 value. Unless the letter of credit otherwise provides, "honor" occurs
1158 [(i)] (A) upon payment, [(ii)] (B) if the letter of credit provides for
1159 acceptance, upon acceptance of a draft and, at maturity, its payment,
1160 or [(iii)] (C) if the letter of credit provides for incurring a deferred
1161 obligation, upon incurring the obligation and, at maturity, its
1162 performance.

1163 [(9)] (8) "Issuer" means a bank or other person that issues a letter of
1164 credit, but does not include an individual who makes an engagement

1165 for personal, family or household purposes.

1166 [(10)] (9) "Letter of credit" means a definite undertaking that satisfies
1167 the requirements of section 42a-5-104 by an issuer to a beneficiary at
1168 the request or for the account of an applicant or, in the case of a
1169 financial institution, to itself or for its own account, to honor a
1170 documentary presentation by payment or delivery of an item of value.

1171 [(11)] (10) "Nominated person" means a person whom the issuer [(i)]
1172 (A) designates or authorizes to pay, accept, negotiate or otherwise give
1173 value under a letter of credit, and [(ii)] (B) undertakes by agreement or
1174 custom and practice to reimburse.

1175 [(12)] (11) "Presentation" means delivery of a document to an issuer
1176 or nominated person for honor or giving of value under a letter of
1177 credit.

1178 [(13)] (12) "Presenter" means a person making a presentation as or
1179 on behalf of a beneficiary or nominated person.

1180 [(14) "Record" means information that is inscribed on a tangible
1181 medium, or that is stored in an electronic or other medium and is
1182 retrievable in perceivable form.]

1183 [(15)] (13) "Successor of a beneficiary" means a person who succeeds
1184 to substantially all of the rights of a beneficiary by operation of law,
1185 including a corporation with or into which the beneficiary has been
1186 merged or consolidated, an administrator, executor, personal
1187 representative, trustee in bankruptcy, debtor in possession, liquidator
1188 and receiver.

1189 Sec. 35. Subsection (c) of section 42a-5-103 of the general statutes is
1190 repealed and the following is substituted in lieu thereof (*Effective*
1191 *October 1, 2005*):

1192 (c) With the exception of this subsection, subsections (a) and (d) of
1193 this section, subdivisions (8) and (9) [and (10)] of subsection (a) of

1194 section 42a-5-102, as amended by this act, subsection (d) of section 42a-
1195 5-106 and subsection (d) of section 42a-5-114, and except to the extent
1196 prohibited in [subsection (3) of section 42a-1-102] section 14 of this act
1197 and subsection (d) of section 42a-5-117, the effect of this article may be
1198 varied by agreement or by a provision stated or incorporated by
1199 reference in an undertaking. A term in an agreement or undertaking
1200 generally excusing liability or generally limiting remedies for failure to
1201 perform obligations is not sufficient to vary obligations prescribed by
1202 this article.

1203 Sec. 36. Subsection (g) of section 42a-5-108 of the general statutes is
1204 repealed and the following is substituted in lieu thereof (*Effective*
1205 *October 1, 2005*):

1206 (g) If an undertaking constituting a letter of credit under
1207 subdivision [(10)] (9) of subsection (a) of section 42a-5-102, as amended
1208 by this act, contains nondocumentary conditions, an issuer shall
1209 disregard the nondocumentary conditions and treat them as if they
1210 were not stated.

1211 Sec. 37. Subsection (a) of section 42a-8-102 of the general statutes is
1212 repealed and the following is substituted in lieu thereof (*Effective*
1213 *October 1, 2005*):

1214 (a) In this article:

1215 (1) "Adverse claim" means a claim that a claimant has a property
1216 interest in a financial asset and that it is a violation of the rights of the
1217 claimant for another person to hold, transfer or deal with the financial
1218 asset.

1219 (2) "Bearer form", as applied to a certificated security, means a form
1220 in which the security is payable to the bearer of the security certificate
1221 according to its terms but not by reason of an endorsement.

1222 (3) "Broker" means a person defined as a broker or dealer under the
1223 federal securities laws, but without excluding a bank acting in that

1224 capacity.

1225 (4) "Certificated security" means a security that is represented by a
1226 certificate.

1227 (5) "Clearing corporation" means:

1228 [(i)] (A) A person that is registered as a "clearing agency" under the
1229 federal securities laws;

1230 [(ii)] (B) A federal reserve bank; or

1231 [(iii)] (C) Any other person that provides clearance or settlement
1232 services with respect to financial assets that would require it to register
1233 as a clearing agency under the federal securities laws but for an
1234 exclusion or exemption from the registration requirement, if its
1235 activities as a clearing corporation, including promulgation of rules,
1236 are subject to regulation by a federal or state governmental authority.

1237 (6) "Communicate" means to:

1238 [(i)] (A) Send a signed writing; or

1239 [(ii)] (B) Transmit information by any mechanism agreed upon by
1240 the persons transmitting and receiving the information.

1241 (7) "Endorsement" means a signature that alone or accompanied by
1242 other words is made on a security certificate in registered form or on a
1243 separate document for the purpose of assigning, transferring or
1244 redeeming the security or granting a power to assign, transfer or
1245 redeem it.

1246 (8) "Entitlement holder" means a person identified in the records of
1247 a securities intermediary as the person having a security entitlement
1248 against the securities intermediary. If a person acquires a security
1249 entitlement by virtue of [section 42a-8-501(b)(2) or (3)] subdivision (2)
1250 or (3) of subsection (b) of section 42a-8-501, that person is the
1251 entitlement holder.

1252 (9) "Entitlement order" means a notification communicated to a
1253 securities intermediary directing transfer or redemption of a financial
1254 asset to which the entitlement holder has a security entitlement.

1255 (10) "Financial asset", except as otherwise provided in section 42a-8-
1256 103, means: [(i)] (A) A security; [(ii)] (B) an obligation of a person or a
1257 share, participation or other interest in a person or in property or an
1258 enterprise of a person, which is, or is of a type, dealt in or traded on
1259 financial markets, or which is recognized in any area in which it is
1260 issued or dealt in as a medium for investment; or [(iii)] (C) any
1261 property that is held by a securities intermediary for another person in
1262 a securities account if the securities intermediary has expressly agreed
1263 with the other person that the property is to be treated as a financial
1264 asset under this article. As context requires, the term means either the
1265 interest itself or the means by which a person's claim to it is evidenced,
1266 including a certificated or uncertificated security, a security certificate,
1267 or a security entitlement.

1268 [(11) "Good faith", for purposes of the obligation of good faith in the
1269 performance or enforcement of contracts or duties within this article,
1270 means honesty in fact and the observance of reasonable commercial
1271 standards of fair dealing.]

1272 [(12)] (11) "Instruction" means a notification communicated to the
1273 issuer of an uncertificated security which directs that the transfer of the
1274 security be registered or that the security be redeemed.

1275 [(13)] (12) "Registered form", as applied to a certificated security,
1276 means a form in which:

1277 [(i)] (A) The security certificate specifies a person entitled to the
1278 security; and

1279 [(ii)] (B) A transfer of the security may be registered upon books
1280 maintained for that purpose by or on behalf of the issuer, or the
1281 security certificate so states.

1282 [(14)] (13) "Securities intermediary" means:

1283 [(i)] (A) A clearing corporation; or

1284 [(ii)] (B) A person, including a bank or broker, that in the ordinary
1285 course of its business maintains securities accounts for others and is
1286 acting in that capacity.

1287 [(15)] (14) "Security", except as otherwise provided in section 42a-8-
1288 103, means an obligation of an issuer or a share, participation, or other
1289 interest in an issuer or in property or an enterprise of an issuer:

1290 [(i)] (A) Which is represented by a security certificate in bearer or
1291 registered form, or the transfer of which may be registered upon books
1292 maintained for that purpose by or on behalf of the issuer;

1293 [(ii)] (B) Which is one of a class or series or by its terms is divisible
1294 into a class or series of shares, participations, interests or obligations;
1295 and

1296 [(iii)] (C) Which:

1297 [(A)] (i) Is, or is of a type, dealt in or traded on securities exchanges
1298 or securities markets; or

1299 [(B)] (ii) Is a medium for investment and by its terms expressly
1300 provides that it is a security governed by this article.

1301 [(16)] (15) "Security certificate" means a certificate representing a
1302 security.

1303 [(17)] (16) "Security entitlement" means the rights and property
1304 interest of an entitlement holder with respect to a financial asset
1305 specified in part 5.

1306 [(18)] (17) "Uncertificated security" means a security that is not
1307 represented by a certificate.

1308 Sec. 38. Section 42a-8-111 of the general statutes is repealed and the
1309 following is substituted in lieu thereof (*Effective October 1, 2005*):

1310 A rule adopted by a clearing corporation governing rights and
1311 obligations among the clearing corporation and its participants in the
1312 clearing corporation is effective even if the rule conflicts with this
1313 article, section 13 of this act and sections [42a-1-105,] 42a-4-104(a), 42a-
1314 9-103a, 42a-9-105, 42a-9-106, 42a-9-115, 42a-9-116, 42a-9-203(1), 42a-9-
1315 301(1), 42a-9-302(1), 42a-9-304, 42a-9-305, 42a-9-306, 42a-9-309 and 42a-
1316 9-312 and affects another party who does not consent to the rule.

1317 Sec. 39. Subdivision (43) of subsection (a) of section 42a-9-102 of the
1318 general statutes is repealed and the following is substituted in lieu
1319 thereof (*Effective October 1, 2005*):

1320 (43) "Good faith" [means honesty in fact and the observance of
1321 reasonable commercial standards of fair dealing] has the same
1322 meaning as provided in subdivision (20) of subsection (b) of section
1323 42a-1-201, as amended by this act.

1324 Sec. 40. Section 1-1a of the general statutes is repealed and the
1325 following is substituted in lieu thereof (*Effective October 1, 2005*):

1326 Unless the context of any statute requires a different interpretation,
1327 all words and terms appearing in any statute and relating to security in
1328 personal property shall be construed to mean their counterparts in
1329 [subsection (37)] subdivision (35) of subsection (b) of section 42a-1-201,
1330 as amended by this act, and chapter 748. In particular "chattel
1331 mortgage", "conditional sale contract" or "lien" on personal property,
1332 except a lien of the type to which chapter 748 does not apply under
1333 subdivision (2) of subsection (d) of section 42a-9-109, shall be
1334 construed to mean "security interest"; "mortgagor" and "conditional
1335 vendee" shall be construed to mean "debtor"; "mortgagee" and
1336 "conditional vendor" shall be construed to mean "secured party".

1337 Sec. 41. Subsection (b) of section 1-268 of the general statutes is

1338 repealed and the following is substituted in lieu thereof (*Effective*
1339 *October 1, 2005*):

1340 (b) Sections 1-266 to 1-286, inclusive, do not apply to a transaction to
1341 the extent it is governed by:

1342 (1) A law governing the creation and execution of wills, codicils or
1343 testamentary trusts;

1344 (2) Except to the extent provided in section 1-281, as amended by
1345 this act, the Uniform Commercial Code, other than [sections 42a-1-107
1346 and 42a-1-206,] section 18 of this act and articles 2 and 2A of title 42a;
1347 or

1348 (3) Sections 47-10, 47-12, 47-12a, 47-14g, 47-14j, 47-14k, 47-15, 47-16,
1349 47-17, 47-18a and 47-19.

1350 Sec. 42. Subsection (d) of section 1-281 of the general statutes is
1351 repealed and the following is substituted in lieu thereof (*Effective*
1352 *October 1, 2005*):

1353 (d) Except as otherwise agreed, a person having control of a
1354 transferable record is the holder, as defined in subdivision [(20)] (21) of
1355 subsection (b) of section 42a-1-201, as amended by this act, or other
1356 similar law, of the transferable record and has the same rights and
1357 defenses as a holder of an equivalent record or writing under the
1358 Uniform Commercial Code, or other similar law, including, if the
1359 applicable statutory requirements under subsection (a) of section 42a-
1360 3-302 or section 42a-7-501 or 42a-9-308, or other similar law, are
1361 satisfied, the rights and defenses of a holder in due course, a holder to
1362 which a negotiable document of title has been duly negotiated or a
1363 purchaser, respectively. Delivery, possession and endorsement are not
1364 required to obtain or exercise any of the rights under this subsection.

1365 Sec. 43. Subparagraph (C) of subdivision (70) of section 12-81 of the
1366 general statutes is repealed and the following is substituted in lieu
1367 thereof (*Effective October 1, 2005*):

1368 (C) The state and the municipality and district shall hold a security
1369 interest, as defined in subdivision [(37)] (35) of subsection (b) of section
1370 42a-1-201, as amended by this act, in any machinery or equipment
1371 which is exempt from taxation pursuant to this subdivision, in an
1372 amount equal to the tax revenue reimbursed or lost, as the case may
1373 be, which shall be subordinate to any purchase money security
1374 interest, as defined in section 42a-9-103a. Such security interest shall be
1375 enforceable against the taxpayer for a period of five years after the last
1376 assessment year in which such exemption was received in any case in
1377 which the business organization ceases all business operations or
1378 moves its business operations entirely out of this state. Any assessor
1379 who has granted an exemption under this subdivision shall provide
1380 written notification to the secretary of the cessation of such operations
1381 or the move of such operations entirely out of this state. Such
1382 notification may be made at any time after the October first of the last
1383 assessment year in which such exemption is granted and before the
1384 September thirtieth that is five years after the conclusion of said
1385 assessment year. Upon receiving such notification and complying with
1386 the provisions of section 12-35a, the state shall have a lien upon the
1387 machinery or equipment situated in this state and owned by the
1388 person that ceased all business operations or moved such operations
1389 entirely out of this state. Notwithstanding the provisions of section 12-
1390 35a, the total amount of the reimbursement made by the state for the
1391 property tax exemptions granted to the person under the provisions of
1392 this subdivision, shall be deemed to be the amount of the tax which
1393 such person failed to pay. Notwithstanding said section 12-35a, the
1394 information required to be included in the notice of lien for said tax
1395 shall be as follows: (i) The owner of the property upon which the lien
1396 is claimed, (ii) the business address or residence address of such
1397 owner, (iii) the specific property claimed to be subject to such lien, (iv)
1398 the location of such property at the time it was last made tax-exempt
1399 pursuant to this subdivision, (v) the total amount of the
1400 reimbursement made by the state for the property tax exemptions
1401 granted to such owner under the provisions of this subdivision, and

1402 (vi) the tax period or periods for which such lien is claimed. If more
1403 than one agency of the state perfects such a notice of lien on the same
1404 day, the priority of such liens shall be determined by the time of day
1405 such liens were perfected, and if perfected at the same time, the lien for
1406 the highest amount shall have priority. In addition to the other
1407 remedies provided in this subdivision, the Attorney General, upon
1408 request of the secretary, may bring a civil action in a court of
1409 competent jurisdiction to recover the amount of tax revenue
1410 reimbursed by the state from any person who received an exemption
1411 under this subdivision.

1412 Sec. 44. Subparagraph (C) of subdivision (72) of section 12-81 of the
1413 general statutes is repealed and the following is substituted in lieu
1414 thereof (*Effective October 1, 2005*):

1415 (C) Any person claiming the exemption provided under this
1416 subdivision for machinery or equipment shall not be eligible to claim
1417 the exemption provided under subdivision (60) of this section or
1418 subdivision (70) of this section, as amended by this act, for the same
1419 machinery or equipment. The state and the municipality and district
1420 shall hold a security interest, as defined in subdivision [(37)] (35) of
1421 subsection (b) of section 42a-1-201, as amended by this act, in any
1422 machinery or equipment which is exempt from taxation pursuant to
1423 this subdivision, in an amount equal to the tax revenue reimbursed or
1424 lost, as the case may be, which shall be subordinate to any purchase
1425 money security interest, as defined in section 42a-9-103a. Such security
1426 interest shall be enforceable against the claimant for a period of five
1427 years after the last assessment year in which such exemption was
1428 received in any case in which such person ceases all manufacturing or
1429 biotechnology operations or moves such manufacturing or
1430 biotechnology operations entirely out of this state. Any assessor who
1431 has granted an exemption under this subdivision shall provide written
1432 notification to the secretary of the cessation of such operations or the
1433 move of such operations entirely out of this state. Such notification
1434 may be made at any time after the October first of the last assessment

1435 year in which such exemption is granted and before the September
1436 thirtieth that is five years after the conclusion of said assessment year.
1437 Upon receiving such notification and complying with the provisions of
1438 section 12-35a, the state shall have a lien upon the machinery or
1439 equipment situated in this state and owned by the person that ceased
1440 all business operations or moved such operations entirely out of this
1441 state. Notwithstanding the provisions of section 12-35a, the total
1442 amount of the reimbursement made by the state for the property tax
1443 exemptions granted to the person under the provisions of this
1444 subdivision, shall be deemed to be the amount of the tax which such
1445 person failed to pay. Notwithstanding said section 12-35a, the
1446 information required to be included in the notice of lien for such tax
1447 shall be as follows: (i) The owner of the property upon which the lien
1448 is claimed, (ii) the business address or residence address of such
1449 owner, (iii) the specific property claimed to be subject to such lien, (iv)
1450 the location of such property at the time it was last made tax-exempt
1451 pursuant to this subdivision, (v) the total amount of the
1452 reimbursement made by the state for the property tax exemptions
1453 granted to such owner under the provisions of this subdivision, and
1454 (vi) the tax period or periods for which such lien is claimed. If more
1455 than one agency of the state perfects such a notice of lien on the same
1456 day, the priority of such liens shall be determined by the time of day
1457 such liens were perfected, and if perfected at the same time, the lien for
1458 the highest amount shall have priority. In addition to the other
1459 remedies provided in this subdivision, the Attorney General, upon
1460 request of the secretary, may bring a civil action in a court of
1461 competent jurisdiction to recover the amount of tax revenue
1462 reimbursed by the state from any person who received an exemption
1463 under this subdivision. The following shall not be eligible for the
1464 exemption provided under this subdivision: (I) A public service
1465 company, as defined in section 16-1; and (II) any provider, directly or
1466 indirectly, of electricity, oil, water or gas.

1467 Sec. 45. Subdivision (12) of subsection (a) of section 12-407 of the
1468 general statutes is repealed and the following is substituted in lieu

1469 thereof (*Effective October 1, 2005*):

1470 (12) "Retailer" includes: (A) Every person engaged in the business of
1471 making sales at retail or in the business of making retail sales at
1472 auction of tangible personal property owned by the person or others;
1473 (B) every person engaged in the business of making sales for storage,
1474 use or other consumption or in the business of making sales at auction
1475 of tangible personal property owned by the person or others for
1476 storage, use or other consumption; (C) every operator, as defined in
1477 subdivision (18) of this subsection; (D) every seller rendering any
1478 service described in subdivision (2) of this subsection; (E) every person
1479 under whom any salesman, representative, peddler or canvasser
1480 operates in this state, or from whom such salesman, representative,
1481 peddler or canvasser obtains the tangible personal property that is
1482 sold; (F) every person with whose assistance any seller is enabled to
1483 solicit orders within this state; (G) every person making retail sales
1484 from outside this state to a destination within this state and not
1485 maintaining a place of business in this state who engages in regular or
1486 systematic solicitation of sales of tangible personal property in this
1487 state (i) by the display of advertisements on billboards or other
1488 outdoor advertising in this state, (ii) by the distribution of catalogs,
1489 periodicals, advertising flyers or other advertising by means of print,
1490 radio or television media, or (iii) by mail, telegraphy, telephone,
1491 computer data base, cable, optic, microwave or other communication
1492 system, for the purpose of effecting retail sales of tangible personal
1493 property, provided such person has made one hundred or more retail
1494 sales from outside this state to destinations within this state during the
1495 twelve-month period ended on the September thirtieth immediately
1496 preceding the monthly or quarterly period with respect to which such
1497 person's liability for tax under this chapter is determined; (H) any
1498 person owned or controlled, either directly or indirectly, by a retailer
1499 engaged in business in this state which is the same as or similar to the
1500 line of business in which such person so owned or controlled is
1501 engaged; (I) any person owned or controlled, either directly or
1502 indirectly, by the same interests that own or control, either directly or

1503 indirectly, a retailer engaged in business in this state which is the same
1504 as or similar to the line of business in which such person so owned or
1505 controlled is engaged; (J) any assignee of a person engaged in the
1506 business of leasing tangible personal property to others, where leased
1507 property of such person which is subject to taxation under this chapter
1508 is situated within this state and such assignee has a security interest, as
1509 defined in [subsection (37)] subdivision (35) of subsection (b) of section
1510 42a-1-201, as amended by this act, in such property; and (K) every
1511 person making retail sales of items of tangible personal property from
1512 outside this state to a destination within this state and not maintaining
1513 a place of business in this state who repairs or services such items,
1514 under a warranty, in this state, either directly or indirectly through an
1515 agent, independent contractor or subsidiary.

1516 Sec. 46. Subparagraph (A) of subdivision (15) of subsection (a) of
1517 section 12-407 of the general statutes is repealed and the following is
1518 substituted in lieu thereof (*Effective October 1, 2005*):

1519 (15) (A) "Engaged in business in the state" means and includes but
1520 shall not be limited to the following acts or methods of transacting
1521 business: (i) Selling in this state, or any activity in this state in
1522 connection with selling in this state, tangible personal property for use,
1523 storage or consumption within the state; (ii) engaging in the transfer
1524 for a consideration of the occupancy of any room or rooms in a hotel or
1525 lodging house for a period of thirty consecutive calendar days or less;
1526 (iii) rendering in this state any service described in any of the
1527 subparagraphs of subdivision (2) of this subsection; (iv) maintaining,
1528 occupying or using, permanently or temporarily, directly or indirectly,
1529 through a subsidiary or agent, by whatever name called, any office,
1530 place of distribution, sales or sample room or place, warehouse or
1531 storage point or other place of business or having any representative,
1532 agent, salesman, canvasser or solicitor operating in this state for the
1533 purpose of selling, delivering or taking orders; (v) notwithstanding the
1534 fact that retail sales are made from outside this state to a destination
1535 within this state and that a place of business is not maintained in this

1536 state, engaging in regular or systematic solicitation of sales of tangible
1537 personal property in this state by the display of advertisements on
1538 billboards or other outdoor advertising in this state, by the distribution
1539 of catalogs, periodicals, advertising flyers or other advertising by
1540 means of print, radio or television media, or by mail, telegraphy,
1541 telephone, computer data base, cable, optic, microwave or other
1542 communication system, for the purpose of effecting retail sales of
1543 tangible personal property, provided one hundred or more retail sales
1544 from outside this state to destinations within this state are made
1545 during the twelve-month period ended on the September thirtieth
1546 immediately preceding the monthly or quarterly period with respect to
1547 which liability for tax under this chapter is determined; (vi) being
1548 owned or controlled, either directly or indirectly, by a retailer engaged
1549 in business in this state which is the same as or similar to the line of
1550 business in which the retailer so owned or controlled is engaged; (vii)
1551 being owned or controlled, either directly or indirectly, by the same
1552 interests that own or control, either directly or indirectly, a retailer
1553 engaged in business in this state which is the same as or similar to the
1554 line of business in which the retailer so owned or controlled is
1555 engaged; (viii) being the assignee of a person engaged in the business
1556 of leasing tangible personal property to others, where leased property
1557 of such person is situated within this state and such assignee has a
1558 security interest, as defined in [subsection (37)] subdivision (35) of
1559 subsection (b) of section 42a-1-201, as amended by this act, in such
1560 property; and (ix) notwithstanding the fact that retail sales of items of
1561 tangible personal property are made from outside this state to a
1562 destination within this state and that a place of business is not
1563 maintained in this state, repairing or servicing such items, under a
1564 warranty, in this state, either directly or indirectly through an agent,
1565 independent contractor or subsidiary.

1566 Sec. 47. Subdivision (8) of section 14-165 of the general statutes is
1567 repealed and the following is substituted in lieu thereof (*Effective*
1568 *October 1, 2005*):

1569 (8) "Security interest" means a "security interest" as defined in
1570 subdivision [(37)] (35) of subsection (b) of section 42a-1-201, as
1571 amended by this act.

1572 Sec. 48. Section 14-167 of the general statutes is repealed and the
1573 following is substituted in lieu thereof (*Effective October 1, 2005*):

1574 This chapter does not apply to or affect: (1) A lien given by statute
1575 or rule of law to a supplier of services or materials for the vehicle; (2) a
1576 lien given by statute to the United States, this state or any political
1577 subdivision of this state; (3) a security interest in a vehicle created by a
1578 manufacturer or dealer who holds the vehicle for sale, but a buyer in
1579 [the] ordinary course of business, as defined in subdivision (9) of
1580 subsection (b) of section 42a-1-201, as amended by this act, takes free of
1581 the security interest, as stated in section 42a-9-320; or (4) a security
1582 interest in a vehicle that is inventory held for sale or lease by a person
1583 or leased by that person as lessor and that person is in the business of
1584 selling vehicles, as provided in subsection (d) of section 42a-9-311.

1585 Sec. 49. Subsection (c) of section 36a-770 of the general statutes is
1586 repealed and the following is substituted in lieu thereof (*Effective*
1587 *October 1, 2005*):

1588 (c) Definitions. As used in sections 36a-770 to 36a-788, inclusive, 42-
1589 100b and 42-100c, unless the context otherwise requires:

1590 (1) "Boat" means any watercraft, as defined in section 22a-248, other
1591 than a seaplane, used or capable of being used as a means of
1592 transportation on water, by any power including muscular.

1593 (2) "Cash price" means the total amount in dollars at which the seller
1594 and buyer agreed the seller would transfer unqualified title to the
1595 goods, if the transaction were a cash sale instead of a sale under a retail
1596 installment contract.

1597 (3) "Commercial vehicle" means any domestic or foreign truck or
1598 truck tractor of ten thousand or more pounds gross vehicular weight

1599 or any trailer or semitrailer designed for use in connection with any
1600 truck or truck tractor of ten thousand or more pounds gross vehicular
1601 weight and which is not used primarily for personal, family or
1602 household use.

1603 (4) "Filing fee" means the fee prescribed by law for filing, recording
1604 or otherwise perfecting and releasing or satisfying a security interest,
1605 as defined in subdivision [(37)] (35) of subsection (b) of section 42a-1-
1606 201, as amended by this act, retained or created by a retail installment
1607 contract or installment loan contract.

1608 (5) "Finance charge" means the amount in excess of the cash price of
1609 the goods agreed upon by the retail seller and the retail buyer, to be
1610 paid by the retail buyer for the privilege of purchasing the goods
1611 under the retail installment contract or installment loan contract.

1612 (6) "Goods" means (A) "consumer goods", as defined in subdivision
1613 (23) of subsection (a) of section 42a-9-102 and motor vehicles included
1614 under such definition, having an aggregate cash price of fifty thousand
1615 dollars or less, and (B) "equipment", as defined in subdivision (33) of
1616 subsection (a) of section 42a-9-102, having an aggregate cash price of
1617 sixteen thousand dollars or less, provided such consumer goods or
1618 such equipment is included in one retail installment contract or
1619 installment loan contract.

1620 (7) "Installment loan contract" means any agreement made in this
1621 state to repay in installments the amount loaned or advanced to a retail
1622 buyer for the purpose of paying the retail purchase price of goods and
1623 by virtue of which a security interest, as defined in subdivision [(37)]
1624 (35) of subsection (b) of section 42a-1-201, as amended by this act, is
1625 taken in the goods for the payment of the amount loaned or advanced.
1626 For purposes of this subdivision, "installment loan contract" does not
1627 include agreements to repay in installments loans made by the United
1628 States or any department, agency or instrumentality thereof.

1629 (8) "Lender" means a person who extends or offers to extend credit

1630 to a retail buyer under an installment loan contract.

1631 (9) A retail installment contract or installment loan contract is "made
1632 in this state" if: (A) An offer or agreement is made in Connecticut by a
1633 retail seller or a lender to sell or extend credit to a resident retail buyer,
1634 including, but not limited to, any verbal or written solicitation or
1635 communication to sell or extend credit originating outside the state of
1636 Connecticut but forwarded to and received in Connecticut by a
1637 resident retail buyer; or (B) an offer to buy or an application for
1638 extension of credit, or an acceptance of an offer to buy or to extend
1639 credit, is made in Connecticut by a resident retail buyer, regardless of
1640 the situs of the contract which may be specified therein, including, but
1641 not limited to, any verbal or written solicitation or communication to
1642 buy or to have credit extended, originating within the state of
1643 Connecticut but forwarded to and received by a retail seller or a lender
1644 outside the state of Connecticut. For purposes of this subdivision, a
1645 "resident retail buyer" means a retail buyer who is a resident of the
1646 state of Connecticut.

1647 (10) "Motor vehicle" means any device in, upon or by which any
1648 person or property is or may be transported or drawn upon a highway
1649 by any power other than muscular. For purposes of this subdivision,
1650 "motor vehicle" does not include self-propelled wheelchairs and
1651 invalid tricycles, tractors, power shovels, road machinery, implements
1652 of husbandry and other agricultural machinery, or other machinery
1653 not designed primarily for highway transportation but which may
1654 incidentally transport persons or property on a highway, or devices
1655 which move upon or are guided by a track or travel through the air.

1656 (11) "Retail buyer" means a person who buys or agrees to buy one or
1657 more articles of goods from a retail seller not for the purpose of resale
1658 or lease to others in the course of business and who executes a retail
1659 installment contract or an installment loan contract in connection
1660 therewith.

1661 (12) "Retail installment contract" means any security agreement, as

1662 defined in subdivision (73) of subsection (a) of section 42a-9-102, made
1663 in this state, including one in the form of a mortgage, conditional sale
1664 contract or other instrument evidencing an agreement to pay the retail
1665 purchase price of goods, or any part thereof, in installments over a
1666 period of time and pursuant to which a security interest, as defined in
1667 subdivision [(37)] (35) of subsection (b) of section 42a-1-201, as
1668 amended by this act, is retained or taken by the retail seller for the
1669 payment of the amount of such retail installment contract. For
1670 purposes of this subdivision, "retail installment contract" does not
1671 include a rent-to-own agreement, as defined in section 42-240, as
1672 amended by this act.

1673 (13) "Retail installment sale" means any sale evidenced by a retail
1674 installment contract or installment loan contract wherein a retail buyer
1675 buys goods from a retail seller at a time sale price payable in two or
1676 more installments. The cash price of the goods, the amount, if any,
1677 included for other itemized charges which are included in the amount
1678 of the credit extended but which are not part of the finance charge
1679 under sections 36a-675 to 36a-685, inclusive, and the finance charge
1680 shall together constitute the time sale price. For purposes of this
1681 subdivision, "retail installment sale" does not include a rent-to-own
1682 agreement, as defined in section 42-240, as amended by this act.

1683 (14) "Retail seller" means a person who sells or agrees to sell one or
1684 more articles of goods under a retail installment contract to a retail
1685 buyer.

1686 (15) "Sales finance company" means any person engaging in this
1687 state in the business, in whole or in part, of acquiring retail installment
1688 contracts from retail sellers or installment loan contracts from holders
1689 thereof, by purchase, discount or pledge, or by loan or advance to the
1690 holder of either on the security thereof, or otherwise.

1691 Sec. 50. Subsection (d) of section 42-221 of the general statutes is
1692 repealed and the following is substituted in lieu thereof (*Effective*
1693 *October 1, 2005*):

1694 (d) The consumer may waive a warranty required pursuant to this
1695 section only as to a particular defect in the vehicle which the dealer has
1696 disclosed to the consumer as being defective. No such waiver shall be
1697 effective unless such waiver: (1) Is in writing; (2) is conspicuous, as
1698 defined in subdivision (10) of subsection (b) of section 42a-1-201, as
1699 amended by this act, and is in plain language; (3) identifies the
1700 particular disclosed defect in the vehicle for which such warranty is to
1701 be waived; (4) states what warranty, if any, shall apply to such
1702 disclosed defect; and (5) is signed by both the customer and the dealer
1703 prior to sale.

1704 Sec. 51. Subdivision (4) of section 42-240 of the general statutes is
1705 repealed and the following is substituted in lieu thereof (*Effective*
1706 *October 1, 2005*):

1707 (4) "Rent-to-own agreement" means an agreement for the use of
1708 personal property by an individual primarily for personal, family or
1709 household purposes, for an initial period of four months or less,
1710 whether or not there is any obligation beyond the initial period, that is
1711 automatically renewable with each payment and that permits the
1712 consumer to become the owner of the property. Any rent-to-own
1713 agreement which complies with sections 42-240 to 42-253, inclusive,
1714 shall not be construed to be, nor be governed by the laws of this state
1715 regulating, any of the following:

1716 (A) A "retail installment contract" as defined in section 36a-770, as
1717 amended by this act;

1718 (B) A "security interest" as that term is defined in [section 42a-1-
1719 201(37)] subdivision (35) of subsection (b) of section 42a-1-201, as
1720 amended by this act.

1721 Sec. 52. Section 42-252 of the general statutes is repealed and the
1722 following is substituted in lieu thereof (*Effective October 1, 2005*):

1723 A lessor shall have the same obligations as a seller under [sections

1724 42a-1-203, 42a-2-302, subsection (b) of section 42a-2-103 and sections]
1725 section 16 of this act and sections 42a-2-302 and 42a-2-312 to 42a-2-318,
1726 inclusive, and the same obligations as a creditor under sections 36a-645
1727 to 36a-647, inclusive. Any rent-to-own agreement shall be subject to the
1728 provisions of section 52-572g.

1729 Sec. 53. Subsection (b) of section 42-391 of the general statutes is
1730 repealed and the following is substituted in lieu thereof (*Effective*
1731 *October 1, 2005*):

1732 (b) The following terms used in sections 42-270 to 42-271a, inclusive,
1733 and 42-390 to 42-434, inclusive, have the meanings ascribed in the
1734 Uniform Commercial Code:

- T49 "Accession". Section 42a-9-102(a).
T50 "Agreement". Section [42a-1-201(3)] 42a-1-201(b), as
T51 amended by this act.
T52 "Contract". Section [42a-1-201(11)] 42a-1-201(b), as
T53 amended by this act.
T54 "Investment property". Section 42a-9-102(a).
T55 "Money". Section [42a-1-201(24)] 42a-1-201(b), as
T56 amended by this act.
T57 "Person". Section [42a-1-201(30)] 42a-1-201(b), as
T58 amended by this act.
T59 "Person related to". Section 42a-9-102(a).
T60 "Security interest". Section [42a-1-201(37)] 42a-1-201(b), as
T61 amended by this act.
T62 "Send". Section [42a-1-201(38)] 42a-1-201(b), as
T63 amended by this act.

1735 Sec. 54. Subsection (c) of section 47a-21 of the general statutes is
1736 repealed and the following is substituted in lieu thereof (*Effective*
1737 *October 1, 2005*):

1738 (c) Any security deposit paid by a tenant shall remain the property
 1739 of such tenant in which the landlord and his successor shall have a
 1740 security interest, as defined in [subsection (37)] subdivision (35) of
 1741 subsection (b) of section 42a-1-201, as amended by this act, to secure
 1742 such tenant's obligations. A security deposit shall be exempt from
 1743 attachment and execution by the creditors of the landlord or his
 1744 successor and shall not be considered part of the estate of the landlord
 1745 or his successor in any legal proceeding. Any voluntary or involuntary
 1746 transfer of a landlord's interest in residential real estate to a successor
 1747 shall constitute an assignment to such successor of such landlord's
 1748 security interest in all security deposits paid by tenants of such
 1749 transferred residential real estate.

1750 Sec. 55. Subdivision (5) of section 53-129a of the general statutes is
 1751 repealed and the following is substituted in lieu thereof (*Effective*
 1752 *October 1, 2005*):

1753 (5) "Security interest" has the same meaning as specified in
 1754 subdivision [(37)] (35) of subsection (b) of section 42a-1-201, as
 1755 amended by this act.

1756 Sec. 56. Sections 42a-1-107, 42a-1-207, 42a-1-208, 42a-2-208 and 42a-
 1757 2A-301 of the general statutes are repealed. (*Effective October 1, 2005*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	42a-1-101
Sec. 2	<i>October 1, 2005</i>	42a-1-102
Sec. 3	<i>October 1, 2005</i>	42a-1-103
Sec. 4	<i>October 1, 2005</i>	42a-1-105
Sec. 5	<i>October 1, 2005</i>	42a-1-106
Sec. 6	<i>October 1, 2005</i>	New section
Sec. 7	<i>October 1, 2005</i>	42a-1-201
Sec. 8	<i>October 1, 2005</i>	42a-1-202
Sec. 9	<i>October 1, 2005</i>	42a-1-203
Sec. 10	<i>October 1, 2005</i>	42a-1-204

Sec. 11	<i>October 1, 2005</i>	42a-1-205
Sec. 12	<i>October 1, 2005</i>	42a-1-206
Sec. 13	<i>October 1, 2005</i>	New section
Sec. 14	<i>October 1, 2005</i>	New section
Sec. 15	<i>October 1, 2005</i>	New section
Sec. 16	<i>October 1, 2005</i>	New section
Sec. 17	<i>October 1, 2005</i>	New section
Sec. 18	<i>October 1, 2005</i>	New section
Sec. 19	<i>October 1, 2005</i>	New section
Sec. 20	<i>October 1, 2005</i>	New section
Sec. 21	<i>October 1, 2005</i>	New section
Sec. 22	<i>October 1, 2005</i>	New section
Sec. 23	<i>October 1, 2005</i>	42a-2-103(1)
Sec. 24	<i>October 1, 2005</i>	42a-2-202
Sec. 25	<i>October 1, 2005</i>	42a-2-402(3)
Sec. 26	<i>October 1, 2005</i>	42a-2A-102
Sec. 27	<i>October 1, 2005</i>	42a-2A-704(a)
Sec. 28	<i>October 1, 2005</i>	42a-2A-721(a)
Sec. 29	<i>October 1, 2005</i>	42a-3-103(a)
Sec. 30	<i>October 1, 2005</i>	42a-4-104(c)
Sec. 31	<i>October 1, 2005</i>	42a-4A-105(a)
Sec. 32	<i>October 1, 2005</i>	42a-4A-106(a)
Sec. 33	<i>October 1, 2005</i>	42a-4A-204(b)
Sec. 34	<i>October 1, 2005</i>	42a-5-102(a)
Sec. 35	<i>October 1, 2005</i>	42a-5-103(c)
Sec. 36	<i>October 1, 2005</i>	42a-5-108(g)
Sec. 37	<i>October 1, 2005</i>	42a-8-102(a)
Sec. 38	<i>October 1, 2005</i>	42a-8-111
Sec. 39	<i>October 1, 2005</i>	42a-9-102(a)(43)
Sec. 40	<i>October 1, 2005</i>	1-1a
Sec. 41	<i>October 1, 2005</i>	1-268(b)
Sec. 42	<i>October 1, 2005</i>	1-281(d)
Sec. 43	<i>October 1, 2005</i>	12-81(70)(C)
Sec. 44	<i>October 1, 2005</i>	12-81(72)(C)
Sec. 45	<i>October 1, 2005</i>	12-407(a)(12)
Sec. 46	<i>October 1, 2005</i>	12-407(a)(15)(A)
Sec. 47	<i>October 1, 2005</i>	14-165(8)
Sec. 48	<i>October 1, 2005</i>	14-167
Sec. 49	<i>October 1, 2005</i>	36a-770(c)
Sec. 50	<i>October 1, 2005</i>	42-221(d)

Sec. 51	<i>October 1, 2005</i>	42-240(4)
Sec. 52	<i>October 1, 2005</i>	42-252
Sec. 53	<i>October 1, 2005</i>	42-391(b)
Sec. 54	<i>October 1, 2005</i>	47a-21(c)
Sec. 55	<i>October 1, 2005</i>	53-129a(5)
Sec. 56	<i>October 1, 2005</i>	42a-1-107, 42a-1-207, 42a-1-208, 42a-2-208 and 42a-2A-301 repealed

Statement of Purpose:

To adopt revisions to article 1 of the Uniform Commercial Code concerning general provisions in order to conform Connecticut commercial law with recent changes in the uniform law.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]