

CHAPTER 89

SENATE BILL No. 183
(Amended by Chapter 195)

AN ACT concerning the uniform commercial code; general provisions; amending K.S.A. 16-1501, 50-682, 58-241, 60-1007, 60-2409, 61-3703, 84-2-202, 84-2a-501, 84-2a-518, 84-2a-519, 84-2a-527, 84-2a-528, 84-4-104, 84-4a-105, 84-4a-106, 84-4a-204, 84-5-103 and 84-8-102 and K.S.A. 2006 Supp. 16-1603, 16-1616, 84-2-103, 84-2a-103, 84-3-103 and 84-9-102 and repealing the existing sections; also repealing K.S.A. 84-1-101, 84-1-102, 84-1-103, 84-1-104, 84-1-106, 84-1-107, 84-1-108, 84-1-109, 84-1-202, 84-1-203, 84-1-204, 84-1-205, 84-1-206, 84-1-207, 84-1-208, 84-1-209, 84-2-208 and 84-2a-207 and K.S.A. 2006 Supp. 84-1-105 and 84-1-201.

Be it enacted by the Legislature of the State of Kansas:

New Section. 1. (UCC 1-101.) Short titles. (a) This act may be cited as the uniform commercial code.

(b) This article may be cited as uniform commercial code — general provisions.

New Sec. 2. (UCC 1-102.) Scope of article. This article applies to a transaction to the extent that it is governed by another article of the uniform commercial code.

New Sec. 3. (UCC 1-103.) Construction of uniform commercial code to promote its purposes and policies; applicability of supplemental principle of law. (a) The uniform commercial code must be liberally construed and applied to promote its underlying purposes and policies, which are:

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

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

(3) to make uniform the law among the various jurisdictions.

(b) Unless displaced by the particular provisions of the uniform commercial code, the principles of law and equity, including the law merchant and the law relative to capacity to contract, principal and agent, estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, and other validating or invalidating cause supplement its provisions.

New Sec. 4. (UCC 1-104.) Construction against implied repeal. The uniform commercial code being a general act intended as a unified coverage of its subject matter, no part of it shall be deemed to be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.

New Sec. 5. (UCC 1-105.) Severability. If any provision or clause of the uniform commercial code or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the uniform commercial code which can be given effect without the invalid provision or application, and to this end the provisions of the uniform commercial code are severable.

New Sec. 6. (UCC 1-106.) Use of singular and plural; gender. In the uniform commercial code, unless the statutory context otherwise requires:

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

(2) words of any gender also refer to any other gender.

New Sec. 7. (UCC 1-107.) Section captions. Section captions are part of the uniform commercial code.

New Sec. 8. (UCC 1-108.) Relation to electronic signatures in global and national commerce act. This article modifies, limits, and supersedes the federal electronic signatures in global and national commerce act, 15 U.S.C. Section 7001 et seq., except that nothing in this article modifies, limits, or supersedes Section 7001(c) of that act or authorizes electronic delivery of any of the notices described in Section 7003(b) of that act.

New Sec. 9. (UCC 1-201.) General definitions. (a) Unless the context otherwise requires, words or phrases defined in this section, or in the additional definitions contained in other articles of the uniform commercial code that apply to particular articles or parts thereof, have the meanings stated.

(b) Subject to definitions contained in other articles of the uniform commercial code that apply to particular articles or parts thereof:

(1) “Action”, in the sense of a judicial proceeding, includes recoup-

ment, counterclaim, set-off, suit in equity, and any other proceeding in which rights are determined.

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

(3) “Agreement”, as distinguished from “contract”, means the bargain of the parties in fact, as found in their language or inferred from other circumstances, including course of performance, course of dealing, or usage of trade as provided in section 17, and amendments thereto.

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

(5) “Bearer” means a person in possession of a negotiable instrument, document of title, or certificated security that is payable to bearer or indorsed in blank.

(6) “Bill of lading” means a document evidencing the receipt of goods for shipment issued by a person engaged in the business of transporting or forwarding goods.

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

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

(9) “Buyer in ordinary course of business” means a person that buys goods in good faith, without knowledge that the sale violates the rights of another person in the goods, and in the ordinary course from a person, other than a pawnbroker, in the business of selling goods of that kind. A person buys goods in the ordinary course if the sale to the person comports with the usual or customary practices in the kind of business in which the seller is engaged or with the seller’s own usual or customary practices. A person that sells oil, gas, or other minerals at the wellhead or minehead is a person in the business of selling goods of that kind. A buyer in ordinary course of business may buy for cash, by exchange of other property, or on secured or unsecured credit, and may acquire goods or documents of title under a preexisting contract for sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the seller under article 2 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, may be a buyer in ordinary course of business. “Buyer in ordinary course of business” does not include a person that acquires goods in a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

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

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

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

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

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

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

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

(15) “Delivery”, with respect to an instrument, document of title, or chattel paper, means voluntary transfer of possession.

(16) “Document of title” includes bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which in the regular course of business or financing is treated as adequately evidencing that the person in possession of it is entitled to receive, hold, and dispose of the document and the goods it

covers. To be a document of title, a document must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass.

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

(18) "Fungible goods" means:

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

(B) goods that by agreement are treated as equivalent.

(19) "Genuine" means free of forgery or counterfeiting.

(20) "Good faith," except as otherwise provided in article 5 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, means honesty in fact and the observance of reasonable commercial standards of fair dealing.

(21) "Holder" means:

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

(B) the person in possession of a document of title if the goods are deliverable either to bearer or to the order of the person in possession.

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

(23) "Insolvent" means:

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

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

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

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

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

(26) "Party", as distinguished from "third party", means a person that has engaged in a transaction or made an agreement subject to the uniform commercial code.

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

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

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

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

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

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

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

(34) "Right" includes remedy.

(35) "Security interest" means an interest in personal property or fixtures which secures payment or performance of an obligation. "Security interest" includes any interest of a consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a transaction that is subject to article 9 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto. "Security interest" does not include the special property interest of a buyer of goods on identification of those goods to a contract for sale under K.S.A. 84-2-401 and amendments thereto, but a buyer may also acquire a "security interest" by complying with article

9 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto. Except as otherwise provided in K.S.A. 84-2-505, and amendments thereto, the right of a seller or lessor of goods under article 2 or 2a of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, to retain or acquire possession of the goods is not a “security interest”, but a seller or lessor may also acquire a “security interest” by complying with article 9 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto. The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer under K.S.A. 84-2-401, and amendments thereto, is limited in effect to a reservation of a “security interest.” Whether a transaction in the form of a lease creates a “security interest” is determined pursuant to section 11, and amendments thereto.

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

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

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

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

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

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

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

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

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

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

New Sec. 10. (UCC 1-202.) Notice; knowledge. (a) Subject to subsection (f), a person has “notice” of a fact if the person:

(1) Has actual knowledge of it;

(2) has received a notice or notification of it; or

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

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

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

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

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

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

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

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

New Sec. 11. (UCC 1-203.) Lease distinguished from security inter-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

New Sec. 12. (UCC 1-204.) Value. Except as otherwise provided in articles 3 and 4, of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, a person gives value for rights if the person acquires them:

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

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

(3) by accepting delivery under a preexisting contract for purchase; or

(4) in return for any consideration sufficient to support a simple contract.

New Sec. 13. (UCC 1-205.) Reasonable time; seasonableness. (a) Whether a time for taking an action required by the uniform commercial code is reasonable depends on the nature, purpose, and circumstances of the action.

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

New Sec. 14. (UCC 1-206.) Presumptions. Whenever the uniform commercial code creates a “presumption” with respect to a fact, or provides that a fact is “presumed,” the trier of fact must find the existence of the fact unless and until evidence is introduced that supports a finding of its nonexistence.

New Sec. 15. (UCC 1-301.) Territorial applicability; parties’ power to choose applicable law.

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

(b) In the absence of an agreement effective under subsection (a), and except as provided in subsection (c), the uniform commercial code applies to transactions bearing an appropriate relation to this state.

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

- (1) K.S.A. 84-2-402, and amendments thereto;
- (2) K.S.A. 84-2a-105 and 84-2a-106, and amendments thereto;
- (3) K.S.A. 84-4-102, and amendments thereto;
- (4) K.S.A. 84-4a-507, and amendments thereto;
- (5) K.S.A. 84-5-116, and amendments thereto;
- (6) K.S.A. 84-6-103, and amendments thereto;
- (7) K.S.A. 84-8-110, and amendments thereto;
- (8) K.S.A. 2006 Supp. 84-9-301 through 84-9-307, and amendments thereto.

New Sec. 16. (UCC 1-302.) Variation by agreement. (a) Except as otherwise provided in subsection (b) or elsewhere in the uniform commercial code, the effect of provisions of the uniform commercial code may be varied by agreement.

(b) The obligations of good faith, diligence, reasonableness, and care prescribed by the uniform commercial code may not be disclaimed by agreement. The parties, by agreement, may determine the standards by which the performance of those obligations is to be measured if those standards are not manifestly unreasonable. Whenever the uniform commercial code requires an action to be taken within a reasonable time, a time that is not manifestly unreasonable may be fixed by agreement.

(c) The presence in certain provisions of the uniform commercial code of the phrase “unless otherwise agreed”, or words of similar import, does not imply that the effect of other provisions may not be varied by agreement under this section.

New Sec. 17. (UCC 1-303.) Course of performance, course of dealing, and usage of trade. (a) A “course of performance” is a sequence of conduct between the parties to a particular transaction that exists if:

- (1) The agreement of the parties with respect to the transaction involves repeated occasions for performance by a party; and
- (2) the other party, with knowledge of the nature of the performance and opportunity for objection to it, accepts the performance or acquiesces in it without objection.

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

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

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

(e) Except as otherwise provided in subsection (f), the express terms of an agreement and any applicable course of performance, course of

dealing, or usage of trade must be construed whenever reasonable as consistent with each other. If such a construction is unreasonable:

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

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

(3) course of dealing prevails over usage of trade.

(f) Subject to K.S.A. 84-2-209, and amendments thereto, a course of performance is relevant to show a waiver or modification of any term inconsistent with the course of performance.

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

New Sec. 18. (UCC 1-304.) Obligation of good faith. Every contract or duty within the uniform commercial code imposes an obligation of good faith in its performance and enforcement.

New Sec. 19. (UCC 1-305.) Remedies to be liberally administered. (a) The remedies provided by the uniform commercial code must be liberally administered to the end that the aggrieved party may be put in as good a position as if the other party had fully performed but neither consequential or special damages nor penal damages may be had except as specifically provided in the uniform commercial code or by other rule of law.

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

New Sec. 20. (UCC 1-306.) Waiver or renunciation of claim or right after breach. A claim or right arising out of an alleged breach may be discharged in whole or in part without consideration by agreement of the aggrieved party in an authenticated record.

New Sec. 21. (UCC 1-307.) *Prima facie* evidence by third-party documents. A document in due form purporting to be a bill of lading, policy or certificate of insurance, official weigher's or inspector's certificate, consular invoice, or any other document authorized or required by the contract to be issued by a third party is prima facie evidence of its own authenticity and genuineness and of the facts stated in the document by the third party.

New Sec. 22. (UCC 1-308.) Performance or acceptance under reservation of rights. (a) A party that with explicit reservation of rights performs or promises performance or assents to performance in a manner demanded or offered by the other party does not thereby prejudice the rights reserved. Such words as "without prejudice," "under protest," or the like are sufficient.

(b) Subsection (a) does not apply to an accord and satisfaction.

New Sec. 23. (UCC 1-309.) Option to accelerate at will. A term providing that one party or that party's successor in interest may accelerate payment or performance or require collateral or additional collateral "at will" or when the party "deems itself insecure," or words of similar import, means that the party has power to do so only if that party in good faith believes that the prospect of payment or performance is impaired. The burden of establishing lack of good faith is on the party against which the power has been exercised.

New Sec. 24. (UCC 1-310.) Subordinated obligations. An obligation may be issued as subordinated to performance of another obligation of the person obligated, or a creditor may subordinate its right to performance of an obligation by agreement with either the person obligated or another creditor of the person obligated. Subordination does not create a security interest as against either the common debtor or a subordinated creditor.

Sec. 25. K.S.A. 16-1501 is hereby amended to read as follows: 16-1501. (a) For the purposes of K.S.A. 16-1501 through 16-1506, *and amendments thereto*, the term "contractor" means any corporation, trust, limited liability company, or limited partnership or corporate partnership other than a family farm corporation, authorized farm corporation, limited liability agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust, as defined in K.S.A. 17-5903 and amendments thereto, which established a swine production facility in this state or which contracts with a producer to grow or raise hogs in

this state and in either case which in the ordinary course of business buys hogs in this state.

(b) For the purposes of K.S.A. 16-1501 through 16-1506, *and amendments thereto*, the term producer means any individual, family farm corporation, authorized farm corporation, limited liability, agricultural company, limited agricultural partnership, family trust, authorized trust or testamentary trust, as defined in K.S.A. 17-5903 and amendments thereto, which raises hogs in this state or provides the service of raising hogs in this state and which is able to transfer title in such hogs to another or who provides management, feed, labor, facilities, machinery or other production input for raising hogs in this state.

(c) For the purposes of this section production input includes, but is not limited to, management, labor, facilities, machinery or feed used in the raising of hogs in this state.

(d) If the contractor is the subsidiary of another corporation, partnership, or a member of another association or other business entity, the parent corporation, partnership, association or other business entity is liable to a producer for the amount of any unpaid claim or contract performance claim if the contractor fails to pay or perform according to the terms of the contract.

(e) There is an implied promise of good faith as defined in ~~subsection (19) of K.S.A. 84-1-201~~ *section 9(20)*, and amendments thereto, by all parties in all contracts between contractors and producers. In an action to recover damages, if the court finds that there has been a violation of this provision, damages, court costs, and attorney fees may be recovered.

(f) Each contractor shall require in its contract that the producer comply with any applicable state and federal environmental laws and shall provide to the producer, upon request, information regarding compliance with such laws.

Sec. 26. K.S.A. 2006 Supp. 16-1603 is hereby amended to read as follows: 16-1603. (a) Except as otherwise provided in subsection (b), this act applies to electronic records and electronic signatures relating to a transaction.

(b) This act does not apply to a transaction to the extent it is governed by:

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

(2) the uniform commercial code, other than ~~K.S.A. 84-1-107 and 84-1-206~~ *section 20* and articles 2 and 2a of chapter 84 of the Kansas Statutes Annotated, and amendments thereto.

(c) This act applies to an electronic record or electronic signature otherwise excluded from the application of this act under subsection (b) to the extent it is governed by a law other than those specified in subsection (b).

(d) A transaction subject to this act is also subject to other applicable substantive law.

Sec. 27. K.S.A. 2006 Supp. 16-1616 is hereby amended to read as follows: 16-1616. (a) In this section, "transferable record" means an electronic record that:

(1) Would be a note under article 3 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto or a document under article 7 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto if the electronic record were in writing; and

(2) the issuer of the electronic record expressly has agreed is a transferable record.

(b) A person has control of a transferable record if a system employed for evidencing the transfer of interests in the transferable record reliably establishes that person as the person to which the transferable record was issued or transferred.

(c) A system satisfies subsection (b), and a person is deemed to have control of a transferable record, if the transferable record is created, stored and assigned in such a manner that:

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

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

(A) The person to which the transferable record was issued; or

(B) if the authoritative copy indicates that the transferable record has been transferred, the person to which the transferable record was most

recently transferred;

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

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

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

(6) any revision of the authoritative copy is readily identifiable as authorized or unauthorized.

(d) Except as otherwise agreed, a person having control of a transferable record is the holder, as defined in ~~K.S.A. 84-1-201(20)~~ *section 9(21)*, and amendments thereto, of the transferable record and has the same rights and defenses as a holder of an equivalent record or writing under the uniform commercial code, including, if the applicable statutory requirements under K.S.A. 84-3-302(a), 84-7-501, or 84-9-308, and amendments thereto, are satisfied, the rights and defenses of a holder in due course, a holder to which a negotiable document of title has been duly negotiated, or a purchaser, respectively. Delivery, possession, and indorsement are not required to obtain or exercise any of the rights under this subsection.

(e) Except as otherwise agreed, an obligor under a transferable record has the same rights and defenses as an equivalent obligor under equivalent records or writings under the uniform commercial code.

(f) If requested by a person against which enforcement is sought, the person seeking to enforce the transferable record shall provide reasonable proof that the person is in control of the transferable record. Proof may include access to the authoritative copy of the transferable record and related business records sufficient to review the terms of the transferable record and to establish the identity of the person having control of the transferable record.

Sec. 28. K.S.A. 50-682 is hereby amended to read as follows: 50-682.

(a) Lease-purchase agreements which comply with this act are not governed by the laws relating to:

(1) Door-to-door sales as defined in K.S.A. 50-640 and amendments thereto;

(2) a consumer credit transaction as defined in K.S.A. 16a-1-301 and amendments thereto;

(3) a security interest as defined in ~~K.S.A. 84-1-201~~ *section 9(35)*, and amendments thereto; or

(4) an instrument as defined in K.S.A. 16-207 and amendments thereto.

(b) This act does not apply to the following:

(1) Lease-purchase agreements primarily for business, commercial or agricultural purposes, or those made with governmental agencies or instrumentalities or with organizations;

(2) a lease of a safe deposit box;

(3) a lease or bailment of personal property which is incidental to the lease of real property, and which provides that the consumer has no option to purchase the leased property; or

(4) a lease of an automobile.

Sec. 29. K.S.A. 58-241 is hereby amended to read as follows: 58-241. As used in this act unless the context clearly requires otherwise:

(a) "Agricultural chemical" means fertilizers, lime or agricultural chemicals that are applied to crops or to land that is used for raising crops, including fertilizer material, plant amendment, plant food, soil amendment, pesticide and plant regulator.

(b) "Agricultural production input" means crop production inputs and livestock production inputs.

(c) "Crop production input" means agricultural chemicals, seeds, petroleum products, custom application of agricultural chemicals and seeds and labor furnished in planting, cultivating, growing, producing, harvesting, drying and storing crops or crop products.

(d) "Feed" means commercial feeds, feed ingredients, mineral feeds, drugs, animal health products, supplements, customer-formula feeds or other products, including grain, that are used for feeding livestock.

(e) "Lender" means a person in the business of lending money identified in the lien-notification statement.

(f) "Letter of commitment" means a binding, irrevocable and uncon-

ditional agreement by a lender to honor drafts or other demands for payment upon the supplier presenting invoices signed by the purchaser or other proof of delivery.

(g) "Lien" means a lien for the unpaid retail cost of agricultural production input.

(h) "Livestock production input" means feed and labor furnished in raising livestock, but shall not include feed or labor for which the statutory lien created by K.S.A. 58-207 and 58-220, and amendments thereto, relating to confinement feeding of livestock may apply, which shall remain subject to that statute.

(i) "Person" means an individual or an organization as defined in ~~paragraph (30) of K.S.A. 84-1-201~~ ~~section 9(25)~~, and amendments thereto.

(j) "Petroleum product" means motor fuels and special fuels that are used in the production and drying of crops and production of livestock, including motor-vehicle fuels, special fuels and liquefied petroleum gas, as defined in subsections (l) and (s) of K.S.A. 79-3401 and subsection (b) of K.S.A. 79-3490, respectively, and amendments to these statutes and other petroleum products such as alcohol fuels, propane, lubes and oils.

(k) "Proceeds" means proceeds as defined in K.S.A. 84-9-306, and amendments thereto, except that if rights or duties are contingent upon express language in a financing statement, the requisite language may exist in a lien-notification statement under K.S.A. 58-242, and amendments thereto, and includes farm products, inventory, warehouse receipts and documents of title as defined in the uniform commercial code.

(l) "Seed" means agricultural seeds that are used to produce crops.

(m) "Supplier" means a person who furnishes agricultural production inputs.

Sec. 30. K.S.A. 60-1007 is hereby amended to read as follows: 60-1007. (a) Any sale conducted under the provisions of this section shall be subject to the provisions of K.S.A. 60-2406, *and amendments thereto*, except that the disposition of proceeds after the satisfaction of senior security interests or liens shall be made in accordance with the provisions of K.S.A. 60-1009, *and amendments thereto*. Before the sheriff proceeds to sell the personal property pursuant to order of the court, the sheriff shall cause public notice to be given of the time and place of sale, for at least ~~ten (10)~~ 10 days before the day of sale. The notice shall be given by publication at least once each week for two ~~(2)~~ consecutive weeks in any newspaper published in the county, and which is qualified to carry legal publications, or, in the discretion of the court, by posting notices in five ~~(5)~~ public places in the county, one of which shall be on a bulletin board established for public notices in the county courthouse. Within five ~~(5)~~ days of the date of first publication or posting of notice, plaintiff shall send by restricted mail a copy of ~~said~~ *such* notice to the defendant and to those persons known by the plaintiff to have a security interest in the property. Such notice shall be sent to the last known address of the person to whom sent and shall be in compliance with ~~subsection (26) of K.S.A. 84-1-201~~ *section 10(d) and (e), and amendments thereto*. If the personal property cannot be sold at the special execution sale for want of bidders, the judgment creditor may direct the sheriff to return the special execution showing that fact or, at ~~his or her~~ *the creditor's* option, may report the same to the judge and obtain an order permitting a second sale under the same special execution and an extension of the return day of the special execution if ~~that be~~ necessary.

(b) If the personal property to be sold shall consist of more than one item of property, the sheriff shall sell only so much of the personalty in the sheriff's custody as is necessary to satisfy the judgment, interest and costs, and shall return the balance of any property remaining unsold to the defendant by notifying the defendant of the time and place when same may be obtained.

(c) Neither the sheriff nor any other member of ~~his or her~~ *the sheriff's* staff may bid at any such sale.

(d) The provisions of K.S.A. 60-2411, *and amendments thereto*, relating to advancement of printer's fees shall apply to this section.

Sec. 31. K.S.A. 60-2409 is hereby amended to read as follows: 60-2409. The officer who levies upon personal property, ~~shall, before said~~ *before such* officer proceeds to sell the same, ~~shall~~ *shall* cause public notice to be given of the time and place of sale, for at least ~~ten (10)~~ 10 days before the day of sale. The notice shall be given by publication at least once each week for two ~~(2)~~ consecutive weeks in some newspaper meeting the qual-

ifications prescribed by K.S.A. 64-101, *and amendments thereto*, or, in the discretion of the court, by putting up advertisements in five ~~(5)~~ public places in the county, one of which shall be on a bulletin board established for public notices in the county courthouse. Within five ~~(5)~~ days of the date of first publication or posting of notice, plaintiff shall send by restricted mail a copy of ~~said such~~ notice to the defendant and to those persons known by the plaintiff to have a security interest in the property. Such notice shall be sent to the last known address of the person to whom sent and shall be in compliance with ~~subsection (26) of K.S.A. 84-1-201~~ *section 10(d) and (e), and amendments thereto*. If the personal property levied upon cannot be sold at the execution sale for want of bidders, the judgment creditor may direct the officer to return the execution showing that fact or, at such creditor's option, ~~said such~~ creditor may report the same to the judge and obtain an order permitting a second sale under the same execution and an extension of the return day of the execution if that be necessary.

Sec. 32. K.S.A. 61-3703 is hereby amended to read as follows: 61-3703. (a) Any sale conducted under the provisions of this section shall be subject to the provisions of K.S.A. 60-2406, and amendments thereto, except that the disposition of proceeds after the satisfaction of senior security interests or liens shall be made in accordance with the provisions of K.S.A. 61-3705, and amendments thereto. The officer who shall be directed to sell the personal property, before the officer proceeds to sell the same, shall cause public notice to be given of the time and place of sale, at least 10 days before the day of sale. The notice shall be given by publication at least once each week for two consecutive weeks in any newspaper published in the county, and which is qualified to carry legal publications, or, in the discretion of the court, by posting notices in five public places in the county, one of which shall be on a bulletin board established for public notices in the county courthouse. Within five days of the date of first publication or posting of notice, plaintiff shall send by restricted mail a copy of such notice to the defendant and to those persons known by the plaintiff to have a security interest in the property. Such notice shall be sent to the last known address of the person to whom sent and shall be in compliance with ~~paragraph (26) of K.S.A. 84-1-201~~ *section 10(d) and (e), and amendments thereto*. If the personal property cannot be sold at the special execution sale for want of bidders, the plaintiff may direct the officer to return the special execution showing that fact or, at the plaintiff's option, may report the same to the judge and obtain an order permitting a second sale under the same special execution and an extension of the return day of the special execution if that be necessary.

(b) If the personal property to be sold shall consist of more than one item of property, the appropriate officer conducting such sale shall sell only so much of the personal property in the officer's custody as is necessary to satisfy the judgment, interest and costs, and shall return the balance of any property remaining unsold to the defendant by notifying the defendant of the time and place when same may be obtained.

(c) Neither the officer conducting the sale nor any other member of the officer's staff may bid at any such sale.

(d) The provisions of K.S.A. 60-2411, and amendments thereto, relating to advancement of printer's fees shall apply to this section.

Sec. 33. K.S.A. 2006 Supp. 84-2-103 is hereby amended to read as follows: 84-2-103. (1) In this article unless the context otherwise requires:

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

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

(c) "Receipt" of goods means taking physical possession of them.

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

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

"Acceptance." K.S.A. 84-2-606, *and amendments thereto*.

"Banker's credit." K.S.A. 84-2-325, *and amendments thereto*.

"Between merchants." K.S.A. 84-2-104, *and amendments thereto*.

"Cancellation." K.S.A. 84-2-106(4), *and amendments thereto*.

"Commercial unit." K.S.A. 84-2-105, *and amendments thereto*.

"Confirmed credit." K.S.A. 84-2-325, *and amendments thereto*.

"Conforming to contract." K.S.A. 84-2-106, *and amendments thereto*.

"Contract for sale." K.S.A. 84-2-106, *and amendments thereto*.

“Cover.” K.S.A. 84-2-712, *and amendments thereto*.

“Entrusting.” K.S.A. 84-2-403, *and amendments thereto*.

“Financing agency.” K.S.A. 84-2-104, *and amendments thereto*.

“Future goods.” K.S.A. 84-2-105, *and amendments thereto*.

“Goods.” K.S.A. 84-2-105, *and amendments thereto*.

“Identification.” K.S.A. 84-2-501, *and amendments thereto*.

“Installment contract.” K.S.A. 84-2-612, *and amendments thereto*.

“Letter of credit.” K.S.A. 84-2-325, *and amendments thereto*.

“Lot.” K.S.A. 84-2-105, *and amendments thereto*.

“Merchant.” K.S.A. 84-2-104, *and amendments thereto*.

“Overseas.” K.S.A. 84-2-323, *and amendments thereto*.

“Person in position of seller.” K.S.A. 84-2-707, *and amendments thereto*.

“Present sale.” K.S.A. 84-2-106, *and amendments thereto*.

“Sale.” K.S.A. 84-2-106, *and amendments thereto*.

“Sale on approval.” K.S.A. 84-2-326, *and amendments thereto*.

“Sale or return.” K.S.A. 84-2-326, *and amendments thereto*.

“Termination.” K.S.A. 84-2-106, *and amendments thereto*.

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

“Check.” K.S.A. 84-3-104, *and amendments thereto*.

“Consignee.” K.S.A. 84-7-102, *and amendments thereto*.

“Consignor.” K.S.A. 84-7-102, *and amendments thereto*.

“Consumer goods.” K.S.A. 2006 Supp. 84-9-102, *and amendments thereto*.

“Dishonor.” K.S.A. 84-3-502, *and amendments thereto*.

“Draft.” K.S.A. 84-3-104, *and amendments thereto*.

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

Sec. 34. K.S.A. 84-2-202 is hereby amended to read as follows: 84-2-202. Terms with respect to which the confirmatory memoranda of the parties agree or which are otherwise set forth in a writing intended by the parties as a final expression of their agreement with respect to such terms as are included therein may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement but may be explained or supplemented

(a) by *course of performance*, course of dealing or usage of trade (~~section 84-1-205~~) or by *course of performance* (~~section 84-2-208~~) (*section 17, and amendments thereto*); and

(b) by evidence of consistent additional terms unless the court finds the writing to have been intended also as a complete and exclusive statement of the terms of the agreement.

Sec. 35. K.S.A. 2006 Supp. 84-2a-103 is hereby amended to read as follows: 84-2a-103. (1) In this article unless the context otherwise requires:

(a) “Buyer in ordinary course of business” means a person who in good faith and without knowledge that the sale to such person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. “Buying” may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(b) “Cancellation” occurs when either party puts an end to the lease contract for default by the other party.

(c) “Commercial unit” means such a unit of goods as by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article, as a machine, or a set of articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole.

(d) “Conforming” goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

(e) “Consumer lease” means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family, or household purpose, if the total payments to be made under the lease contract,

excluding payments for options to renew or buy, do not exceed \$25,000.

(f) "Fault" means wrongful act, omission, breach or default.

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

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

(ii) the lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and

(iii) one of the following occurs:

(A) The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;

(B) the lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;

(C) the lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or

(D) if the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing (a) of the identity of the person supplying the goods to the lessor, unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person, (b) that the lessee is entitled under this article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods, and (c) that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies.

(h) "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures (K.S.A. 84-2a-309, *and amendments thereto*), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

(i) "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

(j) "Lease" means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease.

(k) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this article. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

(l) "Lease contract" means the total legal obligation that results from the lease agreement as affected by this article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

(m) "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

(n) "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

(o) "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured

or unsecured credit and includes receiving goods or documents of title under a preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(p) “Lessor” means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

(q) “Lessor’s residual interest” means the lessor’s interest in the goods after expiration, termination or cancellation of the lease contract.

(r) “Lien” means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

(s) “Lot” means a parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

(t) “Merchant lessee” means a lessee that is a merchant with respect to goods of the kind subject to the lease.

(u) “Present value” means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

(v) “Purchase” includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.

(w) “Sublease” means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

(x) “Supplier” means a person from whom a lessor buys or leases goods to be leased under a finance lease.

(y) “Supply contract” means a contract under which a lessor buys or leases goods to be leased.

(z) “Termination” occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.

(2) Other definitions applying to this article and the sections in which they appear are:

“Accessions,” K.S.A. 84-2a-310(1), *and amendments thereto*;

“Construction mortgage,” K.S.A. 84-2a-309(1)(d), *and amendments thereto*;

“Encumbrance,” K.S.A. 84-2a-309(1)(e), *and amendments thereto*;

“Fixtures,” K.S.A. 84-2a-309(1)(a), *and amendments thereto*;

“Fixture filing,” K.S.A. 84-2a-309(1)(b), *and amendments thereto*; and

“Purchase money lease,” K.S.A. 84-2a-309(1)(c), *and amendments thereto*.

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

“Account,” K.S.A. 2006 Supp. 84-9-102, and amendments thereto;

“Between merchants,” K.S.A. 84-2-104(3), and amendments thereto;

“Buyer,” K.S.A. 84-2-103(1)(a), and amendments thereto;

“Chattel paper,” K.S.A. 2006 Supp. 84-9-102(a)(11), and amendments thereto;

“Consumer goods,” K.S.A. 2006 Supp. 84-9-102(a)(23), and amendments thereto;

“Document,” K.S.A. 2006 Supp. 84-9-102(a)(30), and amendments thereto;

“Entrusting,” K.S.A. 84-2-403(3), and amendments thereto;

“General intangible,” K.S.A. 2006 Supp. 84-9-102(a)(42), and amendments thereto;

~~“Good faith,” K.S.A. 84-2-103(1)(b), and amendments thereto;~~

“Instrument,” K.S.A. 2006 Supp. 84-9-102(a)(47), and amendments thereto;

“Merchant,” K.S.A. 84-2-104(1), and amendments thereto;

“Mortgage,” K.S.A. 2006 Supp. 84-9-102(a)(55), and amendments thereto;

“Pursuant to commitment,” K.S.A. 2006 Supp. 84-9-102(a)(68), and amendments thereto;

“Receipt,” K.S.A. 84-2-103(1)(c), and amendments thereto;

“Sale,” K.S.A. 84-2-106(1), and amendments thereto;

“Sale on approval,” K.S.A. 84-2-326, and amendments thereto;

“Sale or return,” K.S.A. 84-2-326, and amendments thereto; and
“Seller,” K.S.A. 84-2-103(1)(d), and amendments thereto.

(4) In addition, article 1 of *chapter 84 of the Kansas Statutes Annotated, and amendments thereto*, contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 36. K.S.A. 84-2a-501 is hereby amended to read as follows: 84-2a-501. (1) Whether the lessor or the lessee is in default under a lease contract is determined by the lease agreement and this article.

(2) If the lessor or the lessee is in default under the lease contract, the party seeking enforcement has rights and remedies as provided in this article and, except as limited by this article, as provided in the lease agreement.

(3) If the lessor or the lessee is in default under the lease contract, the party seeking enforcement may reduce the party’s claim to judgment, or otherwise enforce the lease contract by self-help or any available judicial procedure or nonjudicial procedure, including administrative proceeding, arbitration, or the like, in accordance with this article.

(4) Except as otherwise provided in ~~K.S.A. 84-1-106(1)~~ *section 19(a)*, and amendments thereto or this article or the lease agreement, the rights and remedies referred to in subsections (2) and (3) are cumulative.

(5) If the lease agreement covers both real property and goods, the party seeking enforcement may proceed under K.S.A. 84-2a-501 through 84-2a-532, *and amendments thereto*, as to the goods, or under other applicable law as to both the real property and the goods in accordance with that party’s rights and remedies in respect to the real property, in which case K.S.A. 84-2a-501 through 84-2a-532, *and amendments thereto*, do not apply.

Sec. 37. K.S.A. 84-2a-518 is hereby amended to read as follows: 84-2a-518. (1) After default by a lessor under the lease contract of the type described in K.S.A. 84-2a-508(1), *and amendments thereto*, or if agreed, after other default by the lessor, the lessee may cover by making any purchase or lease of or contract to purchase or lease goods in substitution for those due from the lessor.

(2) Except as otherwise provided with respect to damages liquidated in the lease agreement (K.S.A. 84-2a-504, *and amendments thereto*) or otherwise determined pursuant to agreement of the parties (~~K.S.A. 84-1-102(3)~~ (*section 16* and K.S.A. 84-2a-503), and amendments thereto), if a lessee’s cover is by a lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessee may recover from the lessor as damages (a) the present value, as of the date of the commencement of the term of the new lease agreement, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement minus the present value as of the same date of the total rent for the then remaining lease term of the original lease agreement; and (b) any incidental or consequential damages, less expenses saved in consequence of the lessor’s default.

(3) If a lessee’s cover is by lease agreement that for any reason does not qualify for treatment under subsection (2), or is by purchase or otherwise, the lessee may recover from the lessor as if the lessee had elected not to cover and K.S.A. 84-2a-519, *and amendments thereto*, governs.

Sec. 38. K.S.A. 84-2a-519 is hereby amended to read as follows: 84-2a-519. (1) Except as otherwise provided with respect to damages liquidated in the lease agreement (K.S.A. 84-2a-504, *and amendments thereto*) or otherwise determined pursuant to agreement of the parties (~~K.S.A. 84-1-102(3)~~ (*section 16* and K.S.A. 84-2a-504), and amendments thereto), if a lessee elects not to cover or a lessee elects to cover and the cover is by lease agreement that for any reason does not qualify for treatment under K.S.A. 84-2a-518(2), *and amendments thereto*, or is by purchase or otherwise, the measure of damages for nondelivery or repudiation by the lessor or for rejection or revocation of acceptance by the lessee is the present value, as of the date of the default of the then market rent minus the present value as of the same date of the original rent, computed for the remaining lease term of the original lease agreement, together with incidental and consequential damages, less expenses saved in consequence of the lessor’s default.

(2) Market rent is to be determined as of the place for tender or, in cases of rejection after arrival or revocation of acceptance, as of the place

of arrival.

(3) Except as otherwise agreed, if the lessee has accepted goods and given notification (K.S.A. 84-2a-516(3), *and amendments thereto*), the measure of damages for nonconforming tender or delivery or other default by a lessor is the loss resulting in the ordinary course of events from the lessor's default as determined in any manner that is reasonable together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

(4) Except as otherwise agreed, the measure of damages for breach of warranty is the present value at the time and place of acceptance of the difference between the value of the use of the goods accepted and the value if they had been as warranted for the lease term, unless special circumstances show proximate damages of a different amount, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default or breach of warranty.

Sec. 39. K.S.A. 84-2a-527 is hereby amended to read as follows: 84-2a-527. (1) After a default by a lessee under the lease contract of a type described in section K.S.A. 84-2a-523(1) or (3)(a), *and amendments thereto*, or after the lessor refuses to deliver or takes possession of goods (K.S.A. 84-2a-525 or 84-2a-526, *and amendments thereto*), or, if agreed, after other default by a lessee, the lessor may dispose of the goods concerned or the undelivered balance thereof by lease, sale or otherwise.

(2) Except as otherwise provided with respect to damages liquidated in the lease agreement (K.S.A. 84-2a-504, *and amendments thereto*) or otherwise determined pursuant to agreement of the parties (~~K.S.A. 84-1-102(3)~~ (*section 16* and K.S.A. 84-2a-503), *and amendments thereto*), if the disposition is by lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessor may recover from the lessee as damages (a) accrued and unpaid rent as of the date of the commencement of the term of the new lease agreement, (b) the present value, as of the same date, of the total rent for the then remaining lease term of the original lease agreement minus present value, as of the same date, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement, and (c) any incidental damages allowed under K.S.A. 84-2a-530, *and amendments thereto*, less expenses saved in consequence of the lessee's default.

(3) If the lessor's disposition is by lease agreement that for any reason does not qualify for treatment under subsection (2), or is by sale or otherwise, the lessor may recover from the lessee as if the lessor had elected not to dispose of the goods and K.S.A. 84-2a-528, *and amendments thereto*, governs.

(4) A subsequent buyer or lessee who buys or leases from the lessor in good faith for value as a result of a disposition under this section takes the goods free of the original lease contract and any rights of the original lessee even though the lessor fails to comply with one or more of the requirements of this article.

(5) The lessor is not accountable to the lessee for any profit made on any disposition. A lessee who has rightfully rejected or justifiably revoked acceptance shall account to the lessor for any excess over the amount of the lessee's security interest (K.S.A. 84-2a-508(5), *and amendments thereto*).

Sec. 40. K.S.A. 84-2a-528 is hereby amended to read as follows: 84-2a-528. (1) Except as otherwise provided with respect to damages liquidated in the lease agreement (K.S.A. 84-2a-504, *and amendments thereto*) or otherwise determined pursuant to agreement of the parties (~~K.S.A. 84-1-102(3)~~ (*section 16* and K.S.A. 84-2a-503), *and amendments thereto*), if a lessor elects to retain the goods or a lessor elects to dispose of the goods and the disposition is by lease agreement that for any reason does not qualify for treatment under K.S.A. 84-2a-527(2), *and amendments thereto*, or is by sale or otherwise, the lessor may recover from the lessee as damages for a default of the type described in K.S.A. 84-2a-523(1) or (3)(a), *and amendments thereto*, or, if agreed, for other default of the lessee, (a) accrued and unpaid rent as of the date of default if the lessee has never taken possession of the goods, or, if the lessee has taken possession of the goods as of the date the lessor repossesses the goods or an earlier date on which the lessee makes a tender of goods to the lessor, (b) the present value as of the date determined under clause (a) of the

total rent for the then remaining lease term of the original lease agreement minus the present value as of the same date of the market rent at the place where the goods are located computed for the same lease term, and (c) any incidental damages allowed under K.S.A. 84-2a-530, *and amendments thereto*, less expenses saved in consequence of the lessee's default.

(2) If the measure of damages provided in subsection (1) is inadequate to put a lessor in as good a position as performance would have, the measure of damages is the present value of the profit, including reasonable overhead, the lessor would have made from full performance by the lessee, together with any incidental damages allowed under K.S.A. 84-2a-530, *and amendments thereto*, due allowance for costs reasonably incurred and due credit for payment or proceeds of disposition.

Sec. 41. K.S.A. 2006 Supp. 84-3-103 is hereby amended to read as follows: 84-3-103. (a) In this article:

- (1) "Acceptor" means a drawee who has accepted a draft.
- (2) "Drawee" means a person ordered in a draft to make payment.
- (3) "Drawer" means a person who signs or is identified in a draft as a person ordering payment.

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

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

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

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

(8) "Party" means a party to an instrument.

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

(10) "Prove" with respect to a fact means to meet the burden of establishing the fact (K.S.A. ~~84-1-201(8)~~ 84-1-201(b)(8), *and amendments thereto*).

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

(b) Other definitions applying to this article and the sections in which they appear are:

"Acceptance"	84-3-409, <i>and amendments thereto</i>
"Accommodated party"	84-3-419, <i>and amendments thereto</i>
"Accommodation party"	84-3-419, <i>and amendments thereto</i>
"Alteration"	84-3-407, <i>and amendments thereto</i>
"Anomalous endorsement"	84-3-205, <i>and amendments thereto</i>
"Blank endorsement"	84-3-205, <i>and amendments thereto</i>
"Cashier's check"	84-3-104, <i>and amendments thereto</i>
"Certificate of deposit"	84-3-104, <i>and amendments thereto</i>
"Certified check"	84-3-409, <i>and amendments thereto</i>
"Check"	84-3-104, <i>and amendments thereto</i>
"Consideration"	84-3-303, <i>and amendments thereto</i>
"Draft"	84-3-104, <i>and amendments thereto</i>
"Endorsement"	84-3-204, <i>and amendments thereto</i>
"Endorser"	84-3-204, <i>and amendments thereto</i>
"Holder in due course"	84-3-302, <i>and amendments thereto</i>
"Incomplete instrument"	84-3-115, <i>and amendments thereto</i>
"Instrument"	84-3-104, <i>and amendments thereto</i>
"Issue"	84-3-105, <i>and amendments thereto</i>

“Issuer”	84-3-105, <i>and amendments thereto</i>
“Negotiable instrument”	84-3-104, <i>and amendments thereto</i>
“Negotiation”	84-3-201, <i>and amendments thereto</i>
“Note”	84-3-104, <i>and amendments thereto</i>
“Payable at a definite time”	84-3-108, <i>and amendments thereto</i>
“Payable on demand”	84-3-108, <i>and amendments thereto</i>
“Payable to bearer”	84-3-109, <i>and amendments thereto</i>
“Payable to order”	84-3-109, <i>and amendments thereto</i>
“Payment”	84-3-602, <i>and amendments thereto</i>
“Person entitled to enforce”	84-3-301, <i>and amendments thereto</i>
“Presentment”	84-3-501, <i>and amendments thereto</i>
“Reacquisition”	84-3-207, <i>and amendments thereto</i>
“Special endorsement”	84-3-205, <i>and amendments thereto</i>
“Teller’s check”	84-3-104, <i>and amendments thereto</i>
“Transfer of instrument”	84-3-203, <i>and amendments thereto</i>
“Traveler’s check”	84-3-104, <i>and amendments thereto</i>
“Value”	84-3-303, <i>and amendments thereto</i>

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

“Bank”	84-4-105, <i>and amendments thereto</i>
“Banking day”	84-4-104, <i>and amendments thereto</i>
“Clearing house”	84-4-104, <i>and amendments thereto</i>
“Collecting bank”	84-4-105, <i>and amendments thereto</i>
“Depository bank”	84-4-105, <i>and amendments thereto</i>
“Documentary draft”	84-4-104, <i>and amendments thereto</i>
“Intermediary bank”	84-4-105, <i>and amendments thereto</i>
“Item”	84-4-104, <i>and amendments thereto</i>
“Payor bank”	84-4-105, <i>and amendments thereto</i>
“Suspends payments”	84-4-104, <i>and amendments thereto</i>

(d) In addition, article 1 of chapter 84 of the *Kansas Statutes Annotated, and amendments thereto*, contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 42. K.S.A. 84-4-104 is hereby amended to read as follows: 84-4-104. (a) In this article, unless the context otherwise requires:

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

(2) “Afternoon” means the period of a day between noon and midnight;

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

(4) “Clearing house” means an association of banks or other payors regularly clearing items;

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

(6) “Documentary draft” means a draft to be presented for acceptance or payment if specified documents, certificated securities K.S.A. 84-8-102, *and amendments thereto*, or instructions for uncertificated securities (K.S.A. 84-8-308 and amendments thereto), or other certificates, statements, or the like are to be received by the drawee or other payor before acceptance or payment of the draft;

(7) “Draft” means a draft as defined in K.S.A. 84-3-104 and amendments thereto, or an item, other than an instrument, that is an order.

(8) “Drawee” means a person ordered in a draft to make payment;

(9) “Item” means an instrument or a promise in order to pay money handled by a bank for collection or payment. The term does not include a payment order governed by article 4a, *and amendments thereto*, or a credit or debit card slip;

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

(11) “Settle” means to pay in cash, by clearing-house settlement, in a charge or credit or by remittance, or otherwise as agreed. A settlement may be either provisional or final;

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

(b) Other definitions applying to this article and the sections in which they appear are:

“Agreement for electronic presentment.”	84-4-110, <i>and amendments thereto.</i>
“Bank.”	84-4-105, <i>and amendments thereto.</i>
“Collecting bank.”	84-4-105, <i>and amendments thereto.</i>
“Depository bank.”	84-4-105, <i>and amendments thereto.</i>
“Intermediary bank.”	84-4-105, <i>and amendments thereto.</i>
“Payor bank.”	84-4-105, <i>and amendments thereto.</i>
“Presenting bank.”	84-4-105, <i>and amendments thereto.</i>
“Presentment notice.”	84-4-110, <i>and amendments thereto.</i>

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

“Acceptance.”	84-3-410, <i>and amendments thereto.</i>
“Alteration.”	84-3-407, <i>and amendments thereto.</i>
“Cashier’s check.”	84-3-104, <i>and amendments thereto.</i>
“Certificate of deposit.”	84-3-104, <i>and amendments thereto.</i>
“Certified check.”	84-3-409, <i>and amendments thereto.</i>
“Check.”	84-3-104, <i>and amendments thereto.</i>
“Good Faith.”	84-3-103.
“Draft.”	84-3-104, <i>and amendments thereto.</i>
“Holder in due course.”	84-3-302, <i>and amendments thereto.</i>
“Instrument.”	84-3-104, <i>and amendments thereto.</i>
“Notice of dishonor.”	84-3-503, <i>and amendments thereto.</i>
“Order.”	84-3-103, <i>and amendments thereto.</i>
“Ordinary care.”	84-3-103, <i>and amendments thereto.</i>
“Person entitled to enforce.”	84-3-301, <i>and amendments thereto.</i>
“Presentment.”	84-3-504, <i>and amendments thereto.</i>
“Promise.”	84-3-103, <i>and amendments thereto.</i>
“Prove.”	84-3-103, <i>and amendments thereto.</i>
“Teller’s check.”	84-3-104, <i>and amendments thereto.</i>
“Unauthorized signature.”	84-3-403, <i>and amendments thereto.</i>

(d) In addition, article 1 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 43. K.S.A. 84-4a-105 is hereby amended to read as follows: 84-4a-105. (a) In this article:

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

(2) “Bank” means a person engaged in the business of banking and includes a savings bank, savings and loan association, credit union and trust company. A branch or separate office of a bank is a separate bank for purposes of this article.

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

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

(5) “Funds-transfer system” means a wire transfer network, automated clearinghouse, or other communication system of a clearinghouse or other association of banks through which a payment order by a bank may be transmitted to the bank to which the order is addressed.

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

(7) “Prove” with respect to a fact means to meet the burden of establishing the fact (subsection (8) of K.S.A. 84-1-201(b)(8), and amendments thereto).

(b) Other definitions applying to this article and the sections in which they appear are:

“Acceptance”	84-4a-209, <i>and amendments thereto</i>
“Beneficiary”	84-4a-103, <i>and amendments thereto</i>
“Beneficiary’s bank”	84-4a-103, <i>and amendments thereto</i>
“Executed”	84-4a-301, <i>and amendments thereto</i>
“Execution date”	84-4a-301, <i>and amendments thereto</i>

“Funds-transfer system rule”	84-4a-501, <i>and amendments thereto</i>
“Funds transfer”	84-4a-104, <i>and amendments thereto</i>
“Intermediary bank”	84-4a-104, <i>and amendments thereto</i>
“Originator”	84-4a-104, <i>and amendments thereto</i>
“Originator’s bank”	84-4a-104, <i>and amendments thereto</i>
“Payment by beneficiary’s bank to beneficiary”	84-4a-405, <i>and amendments thereto</i>
“Payment by originator to beneficiary”	84-4a-406, <i>and amendments thereto</i>
“Payment by sender to receiving bank”	84-4a-403, <i>and amendments thereto</i>
“Payment date”	84-4a-401, <i>and amendments thereto</i>
“Payment order”	84-4a-103, <i>and amendments thereto</i>
“Receiving bank”	84-4a-103, <i>and amendments thereto</i>
“Security procedure”	84-4a-201, <i>and amendments thereto</i>
“Sender”	84-4a-103, <i>and amendments thereto</i>

(c) The following definitions in article 4 of chapter 84 of Kansas Statutes Annotated, and amendments thereto, apply to this article:

“Clearinghouse”	84-4-104, <i>and amendments thereto</i>
“Item”	84-4-104, <i>and amendments thereto</i>
“Suspends payments”	84-4-104, <i>and amendments thereto</i>

(d) In addition, article 1 of chapter 84 of Kansas Statutes Annotated, and amendments thereto, contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 44. K.S.A. 84-4a-106 is hereby amended to read as follows: 84-4a-106. (a) The time of receipt of a payment order or communication canceling or amending a payment order is determined by the rules applicable to receipt of a notice stated in ~~subsection (27) of K.S.A. 84-1-201~~ *section 10*, and amendments thereto. A receiving bank may fix a cut-off time or times on a funds-transfer business day for the receipt and processing of payment orders and communications canceling or amending payment orders. Different cut-off times may apply to receipt of payment orders, cancellations, or amendments, or to different categories of payment orders, cancellations, or amendments. A cut-off time may apply to senders generally or different cut-off times may apply to different senders or categories of payment orders. If a payment order or communication canceling or amending a payment order is received after the close of a funds-transfer business day or after the appropriate cut-off time on a funds-transfer business day, the receiving bank may treat the payment order or communication as received at the opening of the next funds-transfer business day.

(b) If this article refers to an execution date or payment date or states a day on which a receiving bank is required to take action, and the date or day does not fall on a funds-transfer business day, the next day that is a funds-transfer business day is treated as the date or day stated, unless the contrary is stated in this article.

Sec. 45. K.S.A. 84-4a-204 is hereby amended to read as follows: 84-4a-204. (a) If a receiving bank accepts a payment order issued in the name of its customer as sender which is: (i) Not authorized and not effective as the order of the customer under K.S.A. 84-4a-202, *and amendments thereto*; or (ii) not enforceable, in whole or in part, against the customer under K.S.A. 84-4a-203, *and amendments thereto*, the bank shall refund any payment of the payment order received from the customer to the extent the bank is not entitled to enforce payment, and shall pay interest on the refundable amount calculated from the date the bank received payment to the date of the refund. However, the customer is not entitled to interest from the bank on the amount to be refunded if the customer fails to exercise ordinary care to determine that the order was not authorized by the customer and to notify the bank of the relevant facts within a reasonable time not exceeding 90 days after the date the customer received notification from the bank that the order was accepted or that the customer’s account was debited with respect to the order. The bank is not entitled to any recovery from the customer on account of a failure by the customer to give notification as stated in this section.

(b) Reasonable time under subsection (a) may be fixed by agreement as stated in ~~subsection (a) of K.S.A. 84-1-204~~ *section 16(b)*, and amendments thereto, but the obligation of a receiving bank to refund payment as stated in subsection (a) may not otherwise be varied by agreement.

Sec. 46. K.S.A. 84-5-103 is hereby amended to read as follows: 84-5-103. (a) This article applies to letters of credit and to certain rights and obligations arising out of transactions involving letters of credit.

(b) The statement of a rule in this article does not by itself require, imply or negate application of the same or a different rule to a situation not provided for, or to a person not specified, in this article.

(c) With the exception of this subsection, subsections (a) and (d), K.S.A. 84-5-102(a)(9) and (10), K.S.A. 84-5-106(d) and K.S.A. 84-5-114(d), *and amendments thereto*, and except to the extent prohibited in ~~K.S.A. 84-5-102(3)~~ *section 16* and K.S.A. 84-5-117(d), *and amendments thereto*, the effect of this article may be varied by agreement or by a provision stated or incorporated by reference in an undertaking. A term in an agreement or undertaking generally excusing liability or generally limiting remedies for failure to perform obligations is not sufficient to vary obligations prescribed by this article.

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

Sec. 47. K.S.A. 84-8-102 is hereby amended to read as follows: 84-8-102. (a) In this article:

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

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

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

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

(5) "Clearing corporation" means:

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

(ii) a federal reserve bank; or

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

(6) "Communicate" means to:

(i) Send a signed writing; or

(ii) transmit information by any mechanism agreed upon by the persons transmitting and receiving the information.

(7) "Entitlement holder" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary. If a person acquires a security entitlement by virtue of subsection (b)(2) or (3) of K.S.A. 84-8-501, *and amendments thereto*, that person is the entitlement holder.

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

(9) "Financial asset," except as otherwise provided in K.S.A. 84-8-103, *and amendments thereto*, means:

(i) A security;

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

(iii) any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this article. As context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced,

including a certificated or uncertificated security, a security certificate or a security entitlement.

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

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

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

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

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

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

(14) “Securities intermediary” means:

(i) A clearing corporation; or
(ii) a person, including a bank or broker, that in the ordinary course of business maintains securities accounts for others and is acting in that capacity.

(15) “Security,” except as otherwise provided in K.S.A. 84-8-103, *and amendments thereto*, means an obligation of an issuer or a share, participation or other interest in an issuer or in property or an enterprise of an issuer:

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

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

(iii) which:

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

(B) is a medium for investment and by its terms expressly provides that it is a security governed by this article.

(16) “Security certificate” means a certificate representing a security.

(17) “Security entitlement” means the rights and property interest of an entitlement holder with respect to a financial asset specified in K.S.A. 84-8-501 through 84-8-511, *and amendments thereto*.

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

(b) Other definitions applying to this article and the sections in which they appear are:

Appropriate person	84-8-107, <i>and amendments thereto</i>
Control	84-8-106, <i>and amendments thereto</i>
Delivery	84-8-301, <i>and amendments thereto</i>
Investment company security	84-8-103, <i>and amendments thereto</i>
Issuer	84-8-201, <i>and amendments thereto</i>
Overissue	84-8-210, <i>and amendments thereto</i>
Protected purchaser	84-8-303, <i>and amendments thereto</i>
Securities account	84-8-501, <i>and amendments thereto</i>

(c) In addition, article 1 of chapter 84 of the *Kansas Statutes Annotated, and amendments thereto*, contains general definitions and principles of construction and interpretation applicable throughout this article.

(d) The characterization of a person, business or transaction for purposes of this article does not determine the characterization of the person, business or transaction for purposes of any other law, regulation or rule.

Sec. 48. K.S.A. 2006 Supp. 84-9-102 is hereby amended to read as follows: 84-9-102. (a) **Article 9 definitions.** In this article:

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

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

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

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

(4) “Accounting,” except as used in “accounting for,” means a record:

(A) Authenticated by a secured party;

(B) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and

(C) identifying the components of the obligations in reasonable detail.

(5) “Agricultural lien” means an interest, other than a security interest, in farm products: (A) Which secures payment or performance of an obligation for:

(i) Goods or services furnished in connection with a debtor’s farming operation; or

(ii) rent on real property leased by a debtor in connection with its farming operation;

(B) which is created by statute in favor of a person that:

(i) In the ordinary course of its business furnished goods or services to a debtor in connection with a debtor’s farming operation; or

(ii) leased real property to a debtor in connection with the debtor’s farming operation; and

(C) whose effectiveness does not depend on the person’s possession of the personal property. Agricultural lien shall not include statutory liens.

(6) “As-extracted collateral” means: (A) Oil, gas, or other minerals that are subject to a security interest that:

(i) Is created by a debtor having an interest in the minerals before extraction; and

(ii) attaches to the minerals as extracted; or

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

(7) “Authenticate” means:

(A) To sign; or

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

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

(9) “Cash proceeds” means proceeds that are money, checks, deposit accounts, or the like.

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

(11) “Chattel paper” means a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this subsection, “monetary obligation” means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the

use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.

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

- (A) Proceeds to which a security interest attaches;
- (B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and
- (C) goods that are the subject of a consignment.

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

- (A) The claimant is an organization; or
- (B) the claimant is an individual and the claim:
 - (i) arose in the course of the claimant's business or profession; and
 - (ii) does not include damages arising out of personal injury to or the death of an individual.

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

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

- (A) Traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or
- (B) traded on a foreign commodity board of trade, exchange, or market, and is carried on the books of a commodity intermediary for a commodity customer.

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

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

- (A) Is registered as a futures commission merchant under federal commodities law; or
- (B) in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

(18) "Communicate" means:

- (A) To send a written or other tangible record;
- (B) to transmit a record by any means agreed upon by the persons sending and receiving the record; or
- (C) in the case of transmission of a record to or by a filing office, to transmit a record by any means prescribed by filing-office rule.

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

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

- (A) The merchant:
 - (i) Deals in goods of that kind under a name other than the name of the person making delivery;
 - (ii) is not an auctioneer; and
 - (iii) is not generally known by its creditors to be substantially engaged in selling the goods of others;
- (B) with respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time of delivery;
- (C) the goods are not consumer goods immediately before delivery; and
- (D) the transaction does not create a security interest that secures an obligation.

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

(22) "Consumer debtor" means a debtor in a consumer transaction.

(23) "Consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes.

(24) "Consumer-goods transaction" means a consumer transaction in which:

- (A) An individual incurs an obligation primarily for personal, family, or household purposes; and

(B) a security interest in consumer goods secures the obligation.

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

(26) “Consumer transaction” means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions.

(27) “Continuation statement” means an amendment of a financing statement which:

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

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

(28) “Debtor” means:

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

(B) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) a consignee.

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

(30) “Document” means a document of title or a receipt of the type described in subsection (2) of K.S.A. 84-7-201 and amendments thereto.

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

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

(33) “Equipment” means goods other than inventory, farm products, or consumer goods.

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

(A) Crops grown, growing, or to be grown, including:

(i) Crops produced on trees, vines, and bushes; and

(ii) aquatic goods produced in aquacultural operations;

(B) livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(C) supplies used or produced in a farming operation; or

(D) products of crops or livestock in their unmanufactured states.

(35) “Farming operation” means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) “File number” means the number assigned to an initial financing statement pursuant to subsection (a) of K.S.A. 2006 Supp. 84-9-519 and amendments thereto.

(37) “Filing office” means an office designated in K.S.A. 2006 Supp. 84-9-501 and amendments thereto as the place to file a financing statement.

(38) “Filing-office rule” means a rule adopted pursuant to K.S.A. 2006 Supp. 84-9-526 and amendments thereto.

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

(40) “Fixture filing” means the filing of a financing statement covering goods that are or are to become fixtures and satisfying subsections (a) and (b) of K.S.A. 2006 Supp. 84-9-502 and amendments thereto. The term includes the filing of a financing statement covering goods of a transmitting utility which are or are to become fixtures.

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

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

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

(44) “Goods” means all things that are movable when a security interest attaches. The term includes (A) fixtures, (B) standing timber that is to be cut and removed under a conveyance or contract for sale, (C) the unborn young of animals, (D) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (E) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (A) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (B) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

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

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

(47) “Instrument” means a negotiable instrument, a writing that would otherwise qualify as a certificate of deposit (defined in subsection (j) of K.S.A. 84-3-104, and amendments thereto) but for the fact that the writing contains a limitation on transfer, or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card.

(48) “Inventory” means goods, other than farm products, which:

(A) Are leased by a person as lessor;

(B) are held by a person for sale or lease or to be furnished under a contract of service;

(C) are furnished by a person under a contract of service; or

(D) consist of raw materials, work in process, or materials used or consumed in a business.

(49) “Investment property” means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

(50) “Jurisdiction of organization,” with respect to a registered organization, means the jurisdiction under whose law the organization is organized.

(51) “Letter-of-credit right” means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

(52) “Lien creditor” means:

(A) A creditor that has acquired a lien on the property involved by attachment, levy, or the like;

(B) an assignee for benefit of creditors from the time of assignment;

(C) a trustee in bankruptcy from the date of the filing of the petition;

or

(D) a receiver in equity from the time of appointment.

(53) “Manufactured home” means a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation

when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this paragraph except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States secretary of housing and urban development and complies with the standards established under Title 42 of the United States code.

(54) “Manufactured-home transaction” means a secured transaction:

(A) That creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or

(B) in which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

(55) “Mortgage” means a consensual interest in real property, including fixtures, which secures payment or performance of an obligation.

(56) “New debtor” means a person that becomes bound as a debtor under subsection (d) of K.S.A. 2006 Supp. 84-9-203 and amendments thereto by a security agreement previously entered into by another person.

(57) “New value” means (A) money, (B) money’s worth in property, services, or new credit, or (C) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

(58) “Noncash proceeds” means proceeds other than cash proceeds.

(59) “Obligor” means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (A) owes payment or other performance of the obligation, (B) has provided property other than the collateral to secure payment or other performance of the obligation, or (C) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

(60) “Original debtor” except as used in K.S.A. 2006 Supp. 84-9-310(c), and amendments thereto means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under subsection (d) of K.S.A. 2006 Supp. 84-9-203 and amendments thereto.

(61) “Payment intangible” means a general intangible under which the account debtor’s principal obligation is a monetary obligation.

(62) “Person related to,” with respect to an individual, means:

(A) The spouse of the individual;

(B) a brother, brother-in-law, sister, or sister-in-law of the individual;

(C) an ancestor or lineal descendant of the individual or the individual’s spouse; or

(D) any other relative, by blood or marriage, of the individual or the individual’s spouse who shares the same home with the individual.

(63) “Person related to,” with respect to an organization, means:

(A) A person directly or indirectly controlling, controlled by, or under common control with the organization;

(B) an officer or director of, or a person performing similar functions with respect to, the organization;

(C) an officer or director of, or a person performing similar functions with respect to, a person described in subparagraph (A);

(D) the spouse of an individual described in subparagraph (A), (B), or (C); or

(E) an individual who is related by blood or marriage to an individual described in subparagraph (A), (B), (C), or (D) and shares the same home with the individual.

(64) “Proceeds” except as used in K.S.A. 2006 Supp. 84-9-609(b), and amendments thereto means the following property:

(A) Whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;

(B) whatever is collected on, or distributed on account of, collateral;

(C) rights arising out of collateral;

(D) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to, the collateral; or

(E) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the collateral.

(65) “Promissory note” means an instrument that evidences a prom-

ise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

(66) “Proposal” means a record authenticated by a secured party which includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to K.S.A. 2006 Supp. 84-9-620, 84-9-621 and 84-9-622 and amendments thereto.

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

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

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

(70) “Secondary obligor” means an obligor to the extent that:

(A) The obligor’s obligation is secondary; or

(B) The obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

(71) “Secured party” means:

(A) A person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) a person that holds an agricultural lien;

(C) a consignor;

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

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

(F) a person that holds a security interest arising under K.S.A. 84-2-401, 84-2-505, subsection (3) of 84-2-711, subsection (5) of 84-2a-508, 84-4-210 and 84-5-118 and amendments thereto.

(72) “Security agreement” means an agreement that creates or provides for a security interest.

(73) “Send,” in connection with a record or notification, means:

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

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

(74) “Software” means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of goods.

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

(76) “Statutory lien” means liens created by K.S.A. 2-1319, 2-2608, 2-3007, 34-239, 47-836, 58-201, 58-203, 58-204, 58-207, 58-218, 58-220, 58-221, 58-241, 58-242, 58-2524, 58-2525, 58-2526, 58-2527, 58-2528 and 84-7-209, and amendments thereto.

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

(78) “Tangible chattel paper” means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

(79) “Termination statement” means an amendment of a financing statement which:

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

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

(80) “Transmitting utility” means a person primarily engaged in the business of:

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

(B) transmitting communications electrically, electromagnetically, or by light;

(C) transmitting goods by pipeline or sewer; or

(D) transmitting or producing and transmitting electricity, steam, gas, or water.

(b) **Definitions in other articles.** The following definitions in other articles apply to this article:

“Applicant” K.S.A. 84-5-102, *and amendments thereto*

“Beneficiary” K.S.A. 84-5-102, *and amendments thereto*

“Broker” K.S.A. 84-8-102, *and amendments thereto*

“Certificated security” K.S.A. 84-8-102, *and amendments thereto*

“Check” K.S.A. 84-3-104, *and amendments thereto*

“Clearing corporation” K.S.A. 84-8-102, *and amendments thereto*

“Contract for sale” K.S.A. 84-2-106, *and amendments thereto*

“Customer” K.S.A. 84-4-104, *and amendments thereto*

“Entitlement holder” K.S.A. 84-8-102, *and amendments thereto*

“Financial asset” K.S.A. 84-8-102, *and amendments thereto*

“Holder in due course” K.S.A. 84-3-302, *and amendments thereto*

“Issuer” (with respect to a letter of credit or letter-of-credit right) K.S.A. 84-5-102, *and amendments thereto*

“Issuer” (with respect to a security) K.S.A. 84-8-102, *and amendments thereto*

“Lease” K.S.A. 84-2a-103, *and amendments thereto*

“Lease agreement” K.S.A. 84-2a-103, *and amendments thereto*

“Lease contract” K.S.A. 84-2a-103, *and amendments thereto*

“Leasehold interest” K.S.A. 84-2a-103, *and amendments thereto*

“Lessee” K.S.A. 84-2a-103, *and amendments thereto*

“Lessee in ordinary course of business” K.S.A. 84-2a-103, *and amendments thereto*

“Lessor” K.S.A. 84-2a-103, *and amendments thereto*

“Lessor’s residual interest” K.S.A. 84-2a-103, *and amendments thereto*

“Letter of credit” K.S.A. 84-5-102, *and amendments thereto*

“Merchant” K.S.A. 84-2-104, *and amendments thereto*

“Negotiable instrument” K.S.A. 84-3-104, *and amendments thereto*

“Nominated person” K.S.A. 84-5-102, *and amendments thereto*

“Note” K.S.A. 84-3-104, *and amendments thereto*

“Proceeds of a letter of credit” K.S.A. 84-5-114, *and amendments thereto*

“Prove” K.S.A. 84-3-103, *and amendments thereto*

“Sale” K.S.A. 84-2-106, *and amendments thereto*

“Securities account” K.S.A. 84-8-501, *and amendments thereto*

“Securities intermediary” K.S.A. 84-8-102, *and amendments thereto*

“Security” K.S.A. 84-8-102, *and amendments thereto*

“Security certificate” K.S.A. 84-8-102, *and amendments thereto*

“Security entitlement” K.S.A. 84-8-102, *and amendments thereto*

“Uncertificated security” K.S.A. 84-8-102, *and amendments thereto*

(c) **Article 1 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, definitions and principles.** Article 1 of chapter 84 of the Kansas Statutes Annotated, and amendments thereto, contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 49. K.S.A. 16-1501, 50-682, 58-241, 60-1007, 60-2409, 61-3703, 84-1-101, 84-1-102, 84-1-103, 84-1-104, 84-1-106, 84-1-107, 84-1-108, 84-1-109, 84-1-202, 84-1-203, 84-1-204, 84-1-205, 84-1-206, 84-1-207, 84-1-208, 84-1-209, 84-2-202, 84-2-208, 84-2a-207, 84-2a-501, 84-2a-518, 84-2a-519, 84-2a-527, 84-2a-528, 84-4-104, 84-4a-105, 84-4a-106, 84-4a-204, 84-5-103 and 84-8-102 and K.S.A. 2006 Supp. 16-1603, 16-1616, 84-1-105, 84-1-201, 84-2-103, 84-2a-103, 84-3-103 and 84-9-102 are hereby repealed.

Sec. 50. This act shall take effect and be in force from and after July 1, 2008, and its publication in the statute book.

Approved April 9, 2007.
