

*Article 7*

This article, dealing with warehouse receipts, bills of lading, and other documents of title, would replace the Uniform Warehouse Receipts Act as contained in chapters 18 through 22 of title 28 of the District of Columbia Code.

Article 7 combines as an integrated unit of legislation the Uniform Warehouse Receipts Act, the Uniform Bills of Lading Act, and those sections of the Uniform Sales Act dealing with the negotiation and transfer of documents of title. It is subject to any treaty or statute of the United States or District of Columbia regulatory statute or tariff, classification or regulation filed or issued pursuant thereto. Accordingly, the Federal Bills of Lading Act (49 U.S.C. secs. 81-124) would continue to control interstate shipments and foreign exports, and the Carriage of Goods by Sea Act (46 U.S.C. secs. 1300-1315) would continue to control ocean bills of lading covering both exports and imports.

Since article 7 makes no provisions for criminal penalties, it may be considered advisable to retain or reenact in modified form chapter 21, entitled "Criminal Offenses," of title 28 of the District of Columbia Code.

*Article 8*

This article, dealing with investment securities, would replace the Uniform Stock Transfer Act as contained in chapter 29 of title 28 of the District of Columbia Code. In addition, it deals with bonds now covered by the Uniform Negotiable Instruments Act.

As stated in the 1958 official text with comments of the Uniform Commercial Code, article 8 "is neither a blue sky law nor a corporation code. It may be likened rather to a negotiable instruments law dealing with securities." In general, it covers investment securities like stocks and bonds in both bearer and registered form.

Part 4 of article 8 is designed to accomplish the same purposes as the Uniform Act for Simplification of Fiduciary Security Transfers now adopted in the District of Columbia. (District of Columbia Code, secs 28-2321-2330) and in 35 States. The sponsors of the Uniform Commercial Code are recommending that, until there are court decisions affirmatively holding that article 8 is just as effective as the Uniform Simplification Act, the UCC should not repeal the act, but should include express provision (sec. 10-104) that the act is not repealed and should control in event of any inconsistency between the act and the UCC. In view of the highly successful results under the Uniform Simplification Act this committee is of the opinion that the recommendation of the UCC sponsors be followed.

*Article 9*

This article, dealing with the field of secured transactions, would replace little of the District of Columbia Code while making great advances in that field. In general, it applies to all transactions which are intended to create a security interest in personal property as well as to sales of accounts receivable, contract rights and chattel paper. Although it does not use the terms "mortgage," "conditional sale" and the like, existing security devices are not abolished and may continue to be used. Article 9, however, does abolish formal distinctions between existing security devices and deals with the interests which the secured creditor may obtain under the code by the same designation; namely, a "security interest" defined (in sec. 1-201 (37)) as "an interest in personal property or fixtures which secures payment or performance of an obligation," which includes "any interest of a buyer of accounts, chattel paper, or contract rights." In general, the term "chattel paper" refers to instruments (like notes and chattel mortgages) used by the owner thereof (like a dealer) to secure his own financing.

Article 9 does not apply, among others, to a security interest subject to a statute of the United States, a landlord's lien, a lien given by statute or other rule of law for services or materials (except to state priority of such liens where there is a conflicting security interest), a claim for wages, salary or other compensation of an employee, an equipment trust covering railroad rolling stock, a sale of accounts, contract rights or chattel paper as part of a sale of a business, a transfer of an interest in an insurance policy, and a transfer of an account in a bank, loan association, credit union or like organizations.

The security interest under article 9, to be enforceable, must either be a possessory interest (like a pledge) with the secured party in actual possession or be in a writing referred to in the article as a "security agreement." The only requirements of a security agreement are that it be signed by the debtor and contain (sec. 9-203(1)(b)) "a description of the collateral and in addition, when the security interest covers crops or oil, gas or minerals to be extracted or timber to be