

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.2958 Default by lessor; rights and remedies; breach of warranty; security interest for rent, security, and expenses; deduction of damages from rent due.

Sec. 2A508. (1) If a lessor fails to deliver the goods in conformity to the lease contract (section 2A509) or repudiates the lease contract (section 2A402), or a lessee rightfully rejects the goods (section 2A509) or justifiably revokes acceptance of the goods (section 2A517), then with respect to any goods involved, and with respect to all of the goods if under an installment lease contract the value of the whole lease contract is substantially impaired (section 2A510), the lessor is in default under the lease contract and the lessee may do any or all of the following:

- (a) Cancel the lease contract (section 2A505(1)).
 - (b) Recover so much of the rent and security as has been paid and is just under the circumstances.
 - (c) Cover and recover damages as to all goods affected whether or not they have been identified to the lease contract (section 2A518 or 2A520), or recover damages for nondelivery (section 2A519 or 2A520).
 - (d) Exercise any other rights or pursue any other remedies provided in the lease contract.
- (2) If a lessor fails to deliver the goods in conformity to the lease contract or repudiates the lease contract, the lessee may also do either of the following:
- (a) If the goods have been identified, recover them (section 2A522).
 - (b) In a proper case, obtain specific performance or replevy the goods (section 2A521).
- (3) If a lessor is otherwise in default under a lease contract, the lessee may exercise the rights and pursue the remedies provided in the lease contract, which may include the right to cancel the lease, and in section 2A519(3).
- (4) If a lessor has breached a warranty, whether express or implied, the lessee may recover damages (section 2A519(4)).
- (5) On rightful rejection or justifiable revocation of acceptance, a lessee has a security interest in goods in the lessee's possession or control for any rent and security that has been paid and any expenses reasonably incurred in their inspection, receipt, transportation, and care and custody and may hold those goods and dispose of them in good faith and in a commercially reasonable manner, subject to section 2A527(5).
- (6) Subject to the provisions of section 2A407, a lessee, on notifying the lessor of the lessee's intention to do so, may deduct all or any part of the damages resulting from any default under the lease contract from any part of the rent still due under the same lease contract.

History: Add. 1992, Act 101, Eff. Sept. 30, 1992.