

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.2961 Rejection of goods in merchant lessee's possession or control; duties of merchant lessee; right to reimbursement; good faith conduct; purchaser in good faith.

Sec. 2A511.

(1) Subject to any security interest of a lessee (section 2A508(5)), if a lessor or a supplier has no agent or place of business at the market of rejection, a merchant lessee, after rejection of goods in his or her possession or control, shall follow any reasonable instructions received from the lessor or the supplier with respect to the goods. In the absence of those instructions, a merchant lessee shall make reasonable efforts to sell, lease, or otherwise dispose of the goods for the lessor's account if they threaten to decline in value speedily. Instructions are not reasonable if on demand indemnity for expenses is not forthcoming.

(2) If a merchant lessee or any other lessee (section 2A512) disposes of goods, he or she is entitled to reimbursement either from the lessor or the supplier or out of the proceeds for reasonable expenses of caring for and disposing of the goods and, if the expenses include no disposition commission, to such commission as is usual in the trade, or if there is none, to a reasonable sum not exceeding 10% of the gross proceeds.

(3) In complying with this section or section 2A512, the lessee is held only to good faith. Good faith conduct hereunder is neither acceptance or conversion nor the basis of an action for damages.

(4) A purchaser who purchases in good faith from a lessee pursuant to this section or section 2A512 takes the goods free of any rights of the lessor and the supplier even though the lessee fails to comply with 1 or more of the requirements of this article.

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