

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.2505 Shipment with and without reservation by seller.

Sec. 2505. (1) Both of the following apply if a seller has identified goods to a contract by or before shipment:

(a) The seller's procurement of a negotiable bill of lading to the seller's own order or otherwise reserves in the seller a security interest in the goods. The seller's procurement of the bill to the order of a financing agency or of the buyer indicates in addition only the seller's expectation of transferring that interest to the person named.

(b) A nonnegotiable bill of lading to the seller or the seller's nominee reserves possession of the goods as security. However, except in a case of conditional delivery under section 2507(2), a nonnegotiable bill of lading naming the buyer as consignee does not reserve a security interest even if the seller retains possession or control of the bill of lading.

(2) If a shipment by a seller with reservation of a security interest is in violation of the contract for sale, it constitutes an improper contract for transportation within section 2504 but it does not impair the rights given to the buyer by shipment and identification of the goods to the contract or impair the seller's powers as a holder of a negotiable document of title.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 2012, Act 87, Eff. July 1, 2013.