

to use that piece of heavy equipment, let's say, for a period of time and then return it to the owner or perhaps purchase it at a later time. This article has been out now since 1986, nine states have adopted it and it has been introduced in, I think, about 20 states this year. Basically, the reason why we needed a new article on leases is because it's difficult under the leasing laws that we now have to know what the rules are. The Uniform Commercial Code has two different articles which might apply to commercial leases of goods. For example, if you are going to lease an oil drilling platform or an automobile, if you're part of that \$150 billion industry, it is unclear whether common law governs the transaction, whether the sales article for the sale of a good under Article II applies, or whether the rules for a conditional sale under Article IX of the uniform commercial law applies. States have had to reason by analogy from all three of those sources to fashion rules for the appropriate dealing with commercial goods leased. Why? Because there's no body of law on that topic specifically. So Article II(a) goes into the treatment of commercial leases and outlines a body of law so that in the event you are in this situation you'll know exactly what the rules are, for example. And most of these rules, by the way, come from a slight variation on the article on the sale of goods. We create for leases, a statute of frauds. We create the rules for offer and acceptance. We create a body of warranties, many of which mirror the warranties in Article II for the sale of goods rather than 2(a) which I again remind you is the leasing of goods. For example, the warranty for implied fitness for a particular purpose, the implied warranty of merchantability, the accumulation and the conflict rules for the implied warranties, the risk of loss rules should the leased item be destroyed, the priority of liens which should attach to a piece of leased property. We also have the performance standards for a lease contract, such rules as anticipatory repudiation or excused performances, concepts that we have in other areas of the law which have not applied or has been applied by analogy by courts but not pursuant to statutes heretofore. All of these rules now apply to commercial leases, specifically thinking how they should apply and specifically applying to them so that courts are no longer faced with the task for reaching into another area of law designed for a different circumstance, and to pull out a rule, by analogy, and apply it to leases. The single most critical rule in this case is when a security interest can attach. A security interest is where you have a high right in the fate of the good in the event the good has to be distributed