

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.2976 Insolvency of lessee; stopping delivery of goods in possession of bailee; conditions; notification; liability for charges or damages; obligation of carrier.

Sec. 2A526.

(1) A lessor may stop delivery of goods in the possession of a carrier or other bailee if the lessor discovers the lessee is insolvent and may stop delivery of carload, truckload, planeload, or larger shipments of express or freight if the lessee repudiates or fails to make a payment due before delivery, whether for rent, security, or otherwise under the lease contract, or for any other reason the lessor has a right to withhold or take possession of the goods.

(2) In pursuing its remedies under subsection (1), the lessor may stop delivery until 1 of the following occurs:

(a) Receipt of the goods by the lessee.

(b) Acknowledgment to the lessee by any bailee of the goods, except a carrier, that the bailee holds the goods for the lessee.

(c) An acknowledgment to the lessee by a carrier via reshipment or as a warehouse.

(3) To stop delivery under this section, a lessor shall notify the bailee so as to enable the bailee by reasonable diligence to prevent delivery of the goods.

(4) After notification under subsection (3), the bailee shall hold and deliver the goods according to the directions of the lessor, but the lessor is liable to the bailee for any ensuing charges or damages.

(5) A carrier who has issued a nonnegotiable bill of lading is not obliged to obey a notification to stop received from a person other than the consignor.

History: Add. 1992, Act 101, Eff. Sept. 30, 1992 ;-- Am. 2012, Act 87, Eff. July 1, 2013