



Key UCC Provisions Regarding Leases

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Leases: Formation

- Parol evidence: same as for sales
- UCC 2A-202 on parol evidence is exactly the same as UCC 2-202

Leases: Formation

- Statute of frauds: some differences
- UCC 2A-201 provides:
 - Threshold amount for a writing is \$1,000 instead of \$500
 - There is no merchant's exception
 - Cf. 2-201(2)

Lease Warranties

- UCC 2A on leases basically the same UCC 2 on sales
- Except for finance leases
- With a finance lease:
 - The lessor gives no implied warranties of fitness or merchantability, but
 - any warranties from the supplier to the finance lessor run directly, by operation of law (UCC §2A-209(1)) to the finance lessee

Lease Warranties

- Generally similar in effect to sales.
- The analog to warranty of title is less favorable to the transferee.
 - The warranty is that no one - on account of an act or omission of the lessor - has a claim in the goods that will interfere with the lessee's enjoyment.

Risk of Loss with Leases

- Risk of loss is retained by the lessor and does not pass to the lessee. § 2A-219.
- Except:
 - In the case of finance leases, where the risk of loss does pass to the lessee.
- Can be (and often is, of course) modified by agreement.