

February 25, 2003

H 78. REVISE UCC ARTICLE ON BULK TRANSFERS. TO ENACT REVISED ARTICLE 6 OF THE UNIFORM COMMERCIAL CODE, BULK SALES, AND CONFORMING AMENDMENTS TO OTHER ARTICLES OF THE UNIFORM COMMERCIAL CODE, AS RECOMMENDED BY THE GENERAL STATUTES COMMISSION. Rewrites GS Chap. 25, Art. 6 as title indicates. Makes following significant changes to current Art. 6: (1) defines “assets” as: (a) inventory that is the subject of a bulk sale and any tangible and intangible personal property used or held for use primarily in, or arising from, the seller’s business and sold in connection with that inventory, but not including fixtures [as defined in GS 25-9-102(a)(41)] other than readily removable factory and office machines; (b) the lessee’s interest in a lease of real property; or (c) property to the extent it is generally exempt from creditor process under nonbankruptcy law; (2) defines “bulk sale” as follows: (a) in the case of a sale by auction or a sale or series of sales conducted by a liquidator on the seller’s behalf, a sale or series of sales not in the ordinary course of the seller’s business of more than half of the seller’s inventory, as measured by value on the date of the bulk-sale agreement, if on that date the auctioneer or liquidator has notice that the seller will not continue to operate the same or a similar kind of business after the sales or series of sales; and (b) in all other cases, a sale not in the ordinary course of the seller’s business of more than half the seller’s inventory, as measured by value on the date of the bulk-sale agreement, if on that date the buyer has notice, or after reasonable inquiry would have had notice, that the seller will not continue to operate the same or a similar kind of business after the sale; (3) provides that article is applicable to a bulk sale if the seller’s principal business is the sale of inventory from stock and on the date of bulk-sale agreement, the seller is located in NC; (4) obligates buyer in a bulk sale to obtain certain information from the seller and notify claimants of certain terms of bulk-sales agreement in a form described in statute and requires that seller and buyer set forth manner in which contract price is to be distributed in a written schedule of distribution; (5) establishes liability of parties to bulk sales transaction for noncompliance with terms of article; and (6) provides that requirements of article are applicable to bulk sales by auction and bulk sales conducted by liquidator and includes modified form for notifying claimants. Makes conforming changes to other UCC provisions. Effective Jan. 1, 2004.

Intro. by Culpepper.

Ref. to Judiciary IV	GS 25
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