SENATE, No. 415

STATE OF NEW JERSEY

209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:
Senator JOHN A. LYNCH
District 17 (Middlesex, Somerset and Union)

SYNOPSIS

Authorizes a warehouseman to exercise a lien on certain goods without a warehouse receipt.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning the lien of a warehouseman and amending N.J.S.12A:7-209.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. N.J.S.12A:7-209 is amended to read as follows:

(1) A warehouseman has a lien against the bailor on the goods **[**covered by a warehouse receipt**]** deposited or on the proceeds thereof in his possession for charges for storage, processing incidental to storage, or transportation (including demurrage and terminal charges), insurance, labor, or charges present or future in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for like charges or expenses in relation to other goods whenever deposited **[**and it is stated in the receipt that a lien is claimed for charges and expenses in relation to other goods**]**, the warehouseman also has a lien against him for such charges and expenses whether or not the other goods have been delivered by the warehouseman. But against a person to whom a negotiable warehouse receipt is duly negotiated a warehouseman's lien is limited to charges in an amount or at a rate specified on the receipt or if no charges are so specified then to a reasonable charge for storage of the goods covered by the receipt subsequent to the date of the receipt.

(2) The warehouseman may also reserve a security interest against the bailor **[**for a maximum amount specified on the receipt**]** for charges other than those specified in subsection (1), such as for money advanced and interest, but if a receipt is issued for the goods such a security interest is not valid as against third persons without notice unless the maximum amount thereof is conspicuously specified on the receipt. Such a security interest is governed by the Chapter on Secured Transactions (Chapter 9).

(3) (a) A warehouseman's lien for charges and expenses under subsection (1) or a security interest under subsection (2) is also effective against any person who so entrusted the bailor with possession of the goods that a pledge of them by him to a good faith purchaser for value would have been valid but is not effective against a person as to whom the document confers no right in the goods covered by it under 12A:7-503.

(b) A warehouseman's lien on household goods for charges and expenses in relation to the goods under subsection (1) is also effective against all persons if the depositor was the legal possessor of the goods at the time of the deposit. For the purposes of this subsection,

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

"Household goods" means furniture, furnishings, and personal effects used by the depositor in a dwelling.

(4) A warehouseman loses his lien on any goods which he voluntarily delivers or which he unjustifiably refuses to deliver.

(cf: N.J.S.12A:7-209)

2. This act shall take effect immediately.

STATEMENT

This bill eliminates the requirement that a warehouseman issue a warehouse receipt as a condition precedent to exercising a lien on certain goods. Specifically, this bill authorizes a warehouseman to exercise a lien against a bailor on goods deposited or on the proceeds from the goods deposited in the warehouseman's possession for charges for storage, processing incidental to storage, transportation, insurance, labor, and other charges in relation to the goods. This bill also authorizes a warehouseman to reserve a security interest against a bailor for charges other than those specified above, but if a receipt is issued for the goods the security interest is invalid against third parties without notice unless the maximum amount is conspicuously specified on the receipt. Finally, this bill provides that a warehouseman's lien on household goods for charges and expenses in relation to the goods specified above is also effective against all persons if the depositor was the legal possessor of the goods at the time of the deposit. Household goods means furniture , furnishings, and personal effects used by a depositor in a dwelling.