

## **§2-1103. Definitions**

### **(CONTAINS TEXT WITH VARYING EFFECTIVE DATES)**

**(1).** In this Article, unless the context otherwise requires, the following terms have the following meaning:

- (a). "Buyer in ordinary course of business" means a person who, in good faith and without knowledge that the sale to that person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. Buying may be for cash or by exchange of other property or on secured or unsecured credit and includes acquiring goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt. [PL 2009, c. 324, Pt. B, §19 (AMD); PL 2009, c. 324, Pt. B, §48 (AFF).]
- (b). "Cancellation" occurs when either party puts an end to the lease contract for default by the other party. [PL 1991, c. 805, §4 (NEW).]
- (c). "Commercial unit" means such a unit of goods as by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article, as a machine, or a set of articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole. [PL 1991, c. 805, §4 (NEW).]
- (d). "Conforming" goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract. [PL 1991, c. 805, §4 (NEW).]
- (e). "Consumer lease" means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee who is an individual and who takes under the lease primarily for a personal, family or household purpose, if the total payments to be made under the lease contract, excluding payments for options to renew or buy, do not exceed \$25,000. [PL 1991, c. 805, §4 (NEW).]
- (f). "Fault" means wrongful act, omission, breach or default. [PL 1991, c. 805, §4 (NEW).]
- (g). "Finance lease" means a lease with respect to which:
- (i) The lessor does not select, manufacture or supply the goods;
  - (ii) The lessor acquires the goods or the right to possession and use of the goods in connection with the lease; and
  - (iii) One of the following occurs:
    - (A) The lessee receives a copy of the contract by which the lessor acquired the goods or the right to possession and use of the goods before signing the lease contract;
    - (B) The lessee's approval of the contract by which the lessor acquired the goods or the right to possession and use of the goods is a condition to effectiveness of the lease contract;
    - (C) The lessee, before signing the lease contract, receives an accurate and complete statement designating the promises and warranties, and any disclaimers of warranties, limitations or modifications of remedies, or liquidated damages, including those of a third party, such as the manufacturer of the goods, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; or
    - (D) If the lease is not a consumer lease, the lessor, before the lessee signs the lease contract, informs the lessee in writing: of the identity of the person supplying the goods to the lessor,

unless the lessee has selected that person and directed the lessor to acquire the goods or the right to possession and use of the goods from that person; that the lessee is entitled under this Article to the promises and warranties, including those of any third party, provided to the lessor by the person supplying the goods in connection with or as part of the contract by which the lessor acquired the goods or the right to possession and use of the goods; and that the lessee may communicate with the person supplying the goods to the lessor and receive an accurate and complete statement of those promises and warranties, including any disclaimers and limitations of them or of remedies. [PL 1991, c. 805, §4 (NEW).]

(h). "Goods" means all things that are movable at the time of identification to the lease contract including mobile homes, or are fixtures (section 2-1309), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals. [PL 1991, c. 805, §4 (NEW).]

(h-1). (**TEXT EFFECTIVE 7/01/25**) "Hybrid lease" means a single transaction involving a lease of goods and:

- (i) The provision of services;
- (ii) A sale of other goods; or
- (iii) A sale, lease or license of property other than goods. [PL 2023, c. 669, Pt. A, §23 (NEW); PL 2023, c. 669, Pt. E, §1 (AFF).]

(i). "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains the clause, "each delivery is a separate lease," or its equivalent. [PL 1991, c. 805, §4 (NEW).]

(j). "Lease" means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease. [PL 1991, c. 805, §4 (NEW).]

(k). "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this Article. Unless the context clearly indicates otherwise, the term includes a sublease agreement. [PL 1991, c. 805, §4 (NEW).]

(l). "Lease contract" means the total legal obligation that results from the lease agreement as affected by this Article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract. [PL 1991, c. 805, §4 (NEW).]

(m). "Leasehold interest" means the interest of the lessor or the lessee under a lease contract. [PL 1991, c. 805, §4 (NEW).]

(n). "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee. [PL 1991, c. 805, §4 (NEW).]

(o). "Lessee in ordinary course of business" means a person who, in good faith and without knowledge that the lease to that person is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit and includes acquiring goods or documents of title under a preexisting lease contract but does not include a

transfer in bulk or as security for or in total or partial satisfaction of a money debt. [PL 2009, c. 324, Pt. B, §20 (AMD); PL 2009, c. 324, Pt. B, §48 (AFF).]

(p). "Lessor" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor. [PL 1991, c. 805, §4 (NEW).]

(q). "Lessor's residual interest" means the lessor's interest in the goods after expiration, termination or cancellation of the lease contract. [PL 1991, c. 805, §4 (NEW).]

(r). "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest. [PL 1991, c. 805, §4 (NEW).]

(s). "Lot" means a parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract. [PL 1991, c. 805, §4 (NEW).]

(t). "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease. [PL 1991, c. 805, §4 (NEW).]

(u). "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into. [PL 1991, c. 805, §4 (NEW).]

(v). "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift or any other voluntary transaction creating an interest in goods. [PL 1991, c. 805, §4 (NEW).]

(w). "Sublease" means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease. [PL 1991, c. 805, §4 (NEW).]

(x). "Supplier" means a person from whom a lessor buys or leases goods to be leased under a finance lease. [PL 1991, c. 805, §4 (NEW).]

(y). "Supply contract" means a contract under which a lessor buys or leases goods to be leased. [PL 1991, c. 805, §4 (NEW).]

(z). "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default. [PL 1991, c. 805, §4 (NEW).]

[PL 2009, c. 324, Pt. B, §§19, 20 (AMD); PL 2009, c. 324, Pt. B, §48 (AFF); PL 2023, c. 669, Pt. A, §23 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

**(2).**

Other definitions applying to this Article and the sections in which they appear are:

"Accessions." Section 2-1310, subsection (1).

"Construction mortgage." Section 2-1309, subsection (1), paragraph (d).

"Encumbrance." Section 2-1309, subsection (1), paragraph (e).

"Fixtures." Section 2-1309, subsection (1), paragraph (a).

"Fixture filing." Section 2-1309, subsection (1), paragraph (b).

"Purchase money lease." Section 2-1309, subsection (1), paragraph (c).

[PL 1991, c. 805, §4 (NEW).]

**(3). (TEXT EFFECTIVE UNTIL 7/01/25)**

The following definitions in other Articles apply to this Article:

"Account." Section 9-1102, subsection (2).  
"Between merchants." Section 2-104, subsection (3).  
"Buyer." Section 2-103, subsection (1), paragraph (a).  
"Chattel paper." Section 9-1102, subsection (11).  
"Consumer goods." Section 9-1102, subsection (23).  
"Document." Section 9-1102, subsection (30).  
"Entrusting." Section 2-403, subsection (3).  
"General intangible" Section 9-1102, subsection (42).  
"Instrument." Section 9-1102, subsection (47).  
"Merchant." Section 2-104, subsection (1).  
"Mortgage." Section 9-1102, subsection (55).  
"Pursuant to commitment." Section 9-1102, subsection (60).  
"Receipt." Section 2-103, subsection (1), paragraph (c).  
"Sale." Section 2-106, subsection (1).  
"Sale on approval." Section 2-326.  
"Sale or return." Section 2-326.  
"Seller." Section 2-103, subsection (1), paragraph (d).  
[PL 2009, c. 325, Pt. B, §7 (AMD); PL 2009, c. 325, Pt. B, §27 (AFF).]

**(3). (TEXT EFFECTIVE 7/01/25)**

The following definitions in other Articles apply to this Article:

"Account." Section 9-1102, subsection (2).  
"Between merchants." Section 2-104, subsection (3).  
"Buyer." Section 2-103, subsection (1), paragraph (a).  
"Chattel paper." Section 9-1102, subsection (11-A).  
"Consumer goods." Section 9-1102, subsection (23).  
"Document." Section 9-1102, subsection (30).  
"Entrusting." Section 2-403, subsection (3).  
"General intangible." Section 9-1102, subsection (42).  
"Instrument." Section 9-1102, subsection (47).  
"Merchant." Section 2-104, subsection (1).  
"Mortgage." Section 9-1102, subsection (55).  
"Pursuant to commitment." Section 9-1102, subsection (60).  
"Receipt." Section 2-103, subsection (1), paragraph (c).  
"Sale." Section 2-106, subsection (1).  
"Sale on approval." Section 2-326.  
"Sale or return." Section 2-326.

"Seller." Section 2-103, subsection (1), paragraph (d).

[PL 2023, c. 669, Pt. A, §24 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

(4). In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this Article.

[PL 1991, c. 805, §4 (NEW).]

#### SECTION HISTORY

PL 1991, c. 805, §4 (NEW). PL 1999, c. 699, §B11 (AMD). PL 1999, c. 699, §B28 (AFF). PL 2009, c. 324, Pt. B, §§19, 20 (AMD). PL 2009, c. 324, Pt. B, §48 (AFF). PL 2009, c. 325, Pt. B, §7 (AMD). PL 2009, c. 325, Pt. B, §27 (AFF). PL 2023, c. 669, Pt. A, §§23, 24 (AMD). PL 2023, c. 669, Pt. E, §1 (AFF).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Maine Legislature and is current through January 1, 2025. The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.