

IF A LEASE CONTRACT REQUIRES GOODS IDENTIFIED WHEN THE LEASE CONTRACT IS MADE, AND THE GOODS SUFFER CASUALTY WITHOUT FAULT OF THE LESSEE, THE LESSOR OR THE SUPPLIER BEFORE DELIVERY, OR THE GOODS SUFFER CASUALTY BEFORE RISK OF LOSS PASSES TO THE LESSEE PURSUANT TO THE LEASE AGREEMENT OR § 2A-219, THEN:

(A) IF THE LOSS IS TOTAL, THE LEASE CONTRACT IS AVOIDED; AND

(B) IF THE LOSS IS PARTIAL OR THE GOODS HAVE SO DETERIORATED AS TO NO LONGER CONFORM TO THE LEASE CONTRACT, THE LESSEE MAY NEVERTHELESS DEMAND INSPECTION AND AT HIS (OR HER) OPTION EITHER TREAT THE LEASE CONTRACT AS AVOIDED OR, EXCEPT IN A FINANCE LEASE, ACCEPT THE GOODS WITH DUE ALLOWANCE FROM THE RENT PAYABLE FOR THE BALANCE OF THE LEASE TERM FOR THE DETERIORATION OR THE DEFICIENCY IN QUANTITY BUT WITHOUT FURTHER RIGHT AGAINST THE LESSOR.

SUBTITLE 3. EFFECT OF LEASE CONTRACT

2A-301. ENFORCEABILITY OF LEASE CONTRACT

EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE, A LEASE CONTRACT IS EFFECTIVE AND ENFORCEABLE ACCORDING TO ITS TERMS BETWEEN THE PARTIES, AGAINST PURCHASERS OF THE GOODS, AND AGAINST CREDITORS OF THE PARTIES.

2A-302. TITLE TO AND POSSESSION OF GOODS

EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE, EACH PROVISION OF THIS ARTICLE APPLIES WHETHER THE LESSOR OR A THIRD PARTY HAS TITLE TO THE GOODS, AND WHETHER THE LESSOR, THE LESSEE, OR A THIRD PARTY HAS POSSESSION OF THE GOODS, NOTWITHSTANDING ANY STATUTE OR RULE OF LAW THAT POSSESSION OR THE ABSENCE OF POSSESSION IS FRAUDULENT.

2A-303. ALIENABILITY OF PARTY'S INTEREST UNDER LEASE CONTRACT OR OF LESSOR'S RESIDUAL INTEREST IN GOODS; DELEGATION OF PERFORMANCE; TRANSFER OF RIGHTS

(1) AS USED IN THIS SECTION, "CREATION OF A SECURITY INTEREST" INCLUDES THE SALE OF A LEASE CONTRACT THAT IS SUBJECT TO ARTICLE 9, SECURED TRANSACTIONS, BY REASON OF § 9-102(1)(B).

(2) EXCEPT AS PROVIDED IN SUBSECTIONS (3) AND (4), A PROVISION IN A LEASE AGREEMENT WHICH (I) PROHIBITS THE VOLUNTARY OR INVOLUNTARY TRANSFER, INCLUDING A TRANSFER BY SALE, SUBLEASE, CREATION OR ENFORCEMENT OF A SECURITY INTEREST, OR ATTACHMENT, LEVY, OR OTHER JUDICIAL PROCESS, OF AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR OF THE LESSOR'S RESIDUAL INTEREST IN THE GOODS, OR (II) MAKES SUCH A TRANSFER AN EVENT OF DEFAULT, GIVES RISE TO THE RIGHTS AND REMEDIES PROVIDED IN SUBSECTION (5), BUT A TRANSFER THAT IS PROHIBITED OR IS AN EVENT OF DEFAULT UNDER THE LEASE AGREEMENT IS OTHERWISE EFFECTIVE.