

SUBJECT TO § 2A-404 ON SUBSTITUTED PERFORMANCE, THE FOLLOWING RULES APPLY:

(A) DELAY IN DELIVERY OR NONDELIVERY IN WHOLE OR IN PART BY A LESSOR OR A SUPPLIER WHO COMPLIES WITH PARAGRAPHS (B) AND (C) IS NOT A DEFAULT UNDER THE LEASE CONTRACT IF PERFORMANCE AS AGREED HAS BEEN MADE IMPRACTICABLE BY THE OCCURRENCE OF A CONTINGENCY THE NONOCCURRENCE OF WHICH WAS A BASIC ASSUMPTION ON WHICH THE LEASE CONTRACT WAS MADE OR BY COMPLIANCE IN GOOD FAITH WITH ANY APPLICABLE FOREIGN OR DOMESTIC GOVERNMENTAL REGULATION OR ORDER, WHETHER OR NOT THE REGULATION OR ORDER LATER PROVES TO BE INVALID.

(B) IF THE CAUSES MENTIONED IN PARAGRAPH (A) AFFECT ONLY PART OF THE LESSOR'S OR THE SUPPLIER'S CAPACITY TO PERFORM, HE OR SHE SHALL ALLOCATE PRODUCTION AND DELIVERIES AMONG HIS OR HER CUSTOMERS BUT AT HIS OR HER OPTION MAY INCLUDE REGULAR CUSTOMERS NOT THEN UNDER CONTRACT FOR SALE OR LEASE AS WELL AS HIS OR HER OWN REQUIREMENTS FOR FURTHER MANUFACTURE. HE OR SHE MAY SO ALLOCATE IN ANY MANNER THAT IS FAIR AND REASONABLE.

(C) THE LESSOR SEASONABLY SHALL NOTIFY THE LESSEE AND IN THE CASE OF A FINANCE LEASE THE SUPPLIER SEASONABLY SHALL NOTIFY THE LESSOR AND THE LESSEE, IF KNOWN, THAT THERE WILL BE DELAY OR NONDELIVERY AND, IF ALLOCATION IS REQUIRED UNDER PARAGRAPH (B), OF THE ESTIMATED QUOTA THUS MADE AVAILABLE FOR THE LESSEE.

2A-406. PROCEDURE ON EXCUSED PERFORMANCE

(1) IF THE LESSEE RECEIVES NOTIFICATION OF A MATERIAL OR INDEFINITE DELAY OR AN ALLOCATION JUSTIFIED UNDER § 2A-405, THE LESSEE MAY BY WRITTEN NOTIFICATION TO THE LESSOR AS TO ANY GOODS INVOLVED, AND WITH RESPECT TO ALL OF THE GOODS IF UNDER AN INSTALLMENT LEASE CONTRACT THE VALUE OF THE WHOLE LEASE CONTRACT IS SUBSTANTIALLY IMPAIRED (§ 2A-510):

(A) TERMINATE THE LEASE CONTRACT (§ 2A-505(2)); OR

(B) EXCEPT IN A FINANCE LEASE, MODIFY THE LEASE CONTRACT BY ACCEPTING THE AVAILABLE QUOTA IN SUBSTITUTION, WITH DUE ALLOWANCE FROM THE RENT PAYABLE FOR THE BALANCE OF THE LEASE TERM FOR THE DEFICIENCY BUT WITHOUT FURTHER RIGHT AGAINST THE LESSOR.

(2) IF, AFTER RECEIPT OF A NOTIFICATION FROM THE LESSOR UNDER § 2A-405, THE LESSEE FAILS TO SO MODIFY THE LEASE AGREEMENT WITHIN A REASONABLE TIME NOT EXCEEDING 30 DAYS, THE LEASE CONTRACT LAPSES WITH RESPECT TO ANY DELIVERIES AFFECTED.

2A-407. IRREVOCABLE PROMISES: FINANCE LEASES

(1) IN THE CASE OF A FINANCE LEASE THAT IS NOT A CONSUMER LEASE THE LESSEE'S PROMISES UNDER THE LEASE CONTRACT BECOME IRREVOCABLE AND INDEPENDENT UPON THE LESSEE'S ACCEPTANCE OF THE GOODS.