

# **Chapter 23—Transfer of Title and Risk of Loss**

## **A. Transfer of Title**

### **Identification**

- 1. when the contract is made, if it is goods already existing and identified;**
- 2. when the seller ships, marks, or otherwise designates existing goods, if the contract is for goods which did not already exist at the time of the contract, or**
- 3. when the crops are planted or start growing, if the contract is for crops to be grown within twelve months, or at the time of the next normal harvest, or when the young animals are conceived, if the contract is for**

**the offspring of animals to be  
born within twelve months**

## **B. Risk of Loss**

**Breach by the seller—the risk of loss is on the seller until the buyer has accepted the goods or until the seller has remedied the defect. If the buyer accepts, and then rightfully revokes his acceptance of goods, the risk of loss is on the seller, beyond the buyer’s insurance coverage**

**Breach by the buyer—where conforming goods have been identified to a contract that the buyer repudiates or breaches before risk of loss has passed to him, the seller may treat the risk of loss as resting on the buyer “for a commercially reasonable time” beyond the seller’s effective insurance coverage**

## **Goods in Possession of Bailee**

**Where a bailee has possession of the goods, delivery can be made without movement of the goods. The UCC provides that the risk of loss will pass in this situation: a) when the buyer receives the negotiable title document and b) when a non-negotiable title document is tendered to the buyer. If title documents are not used, the risk passes when the seller tenders to the buyer instructions directing the bailee to deliver or the bailee acknowledges the buyer's right to possession.**