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AN ACT

RELATING TO THE UNIFORM COMMERCIAL CODE; PROVIDING FOR  
JURISDICTION AND FORUM TO GOVERN LEASE OR RENTAL CONTRACTS;  
LIMITING INDEMNIFICATION BY A PARTY OF A LEASE TO ANOTHER  
PARTY OF THAT LEASE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 55-2A-106 NMSA 1978 (being Laws  
1992, Chapter 114, Section 13) is amended to read:

"55-2A-106. LIMITATION ON POWER OF PARTIES TO CONSUMER  
LEASE TO CHOOSE APPLICABLE LAW AND FORUM.--

(1) If the law chosen by the parties to a consumer  
lease is that of a jurisdiction other than a jurisdiction in  
which the lessee resides at the time the lease agreement  
becomes enforceable or within thirty days thereafter or in  
which the goods are to be used, the choice is not  
enforceable.

(2) If the judicial forum chosen by the parties to  
a consumer lease is a forum that would not otherwise have  
jurisdiction over the lessee, the choice is not enforceable.

(3) If the forum for an arbitration or mediation  
hearing chosen by the parties to a consumer lease is in a  
state or in a similar political subdivision in a foreign  
country other than the state or the similar subdivision in  
the foreign country in which the lessee resides at the time

1 the lease agreement becomes enforceable or within thirty days  
2 thereafter or in which the goods are to be used, the choice  
3 is not enforceable."

4 Section 2. A new section of Chapter 56, Article 7 NMSA  
5 1978 is enacted to read:

6 "COMMERCIAL INSTRUMENTS AND TRANSACTION.--

7 A. A provision of a lease or rental contract for  
8 equipment that requires a party to the agreement to  
9 indemnify, hold harmless, insure or defend the other party to  
10 the agreement, including the other party's officers,  
11 employees or agents against liability, claims, damages,  
12 losses or expenses, including attorney fees, arising out of  
13 bodily injury to a person or damage to property caused by or  
14 resulting from, in whole or in part, the negligence, act or  
15 omission of the indemnitee, its officers, employees or  
16 agents, is void, unenforceable and against the public policy  
17 of this state.

18 B. A lease or rental contract for equipment may  
19 contain a provision that requires one party to the contract  
20 to indemnify, hold harmless or insure the other party to the  
21 contract, including its officers, employees or agents,  
22 against liability, claims, damages, losses or expenses,  
23 including attorney fees, only to the extent that the  
24 liability, damages, losses or expenses are caused by, or  
25 arise out of, the acts or omissions of the indemnitor or its

1 officers, employees or agents.

2 C. A lease or rental contract for equipment that  
3 does not contain a provision covered by this section shall be  
4 presumed to conform to Subsections A and B of this section.

5 D. As used in this section, "lease or rental  
6 contract for equipment" means any public, private, foreign or  
7 domestic contract or agreement relating to the temporary use  
8 of equipment without transfer of ownership of the equipment  
9 from one party to the other.

10 E. As used in this section, "indemnify" or "hold  
11 harmless" includes any requirement to name the indemnified  
12 party as an additional insured in the indemnitor's insurance  
13 coverage for the purpose of providing indemnification for any  
14 liability not otherwise allowed in this section. The  
15 provisions of this subsection shall not restrict the right of  
16 any remedy available to a claimant or plaintiff.

17 F. Nothing in this section shall apply to a lease  
18 or rental contract for a motor vehicle, as "motor vehicle" is  
19 defined in Section 66-1-4.11 NMSA 1978 and that is designed  
20 and used primarily to transport persons or property on a  
21 public highway.

22 G. Nothing in this section shall apply to a  
23 security agreement as defined in Section 55-9-102 NMSA 1978  
24 or to a finance lease as defined in Section 55-2A-103 NMSA  
25 1978 or to a lease by a repossessing lessor for equipment

1 repossessed upon default under such a finance lease.

2 H. Nothing in this section shall apply to a lease  
3 or rental contract for equipment for use in the production of  
4 motion pictures or television." \_\_\_\_\_

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