FINAL BILL REPORT

HB 1091

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Synopsis As Enacted

Brief Description: Establishing the Uniform Foreign-money Claims Act.

By Representative Appelwick.

House Committee on Judiciary
Senate Committee on Law & Justice

Background: International business dealings, or other transactions, may result in obligations owed in a foreign currency. Foreign exchange rates can be volatile. A claim's value may change substantially based on when it is fixed in which currency. Washington has no statutory provision controlling foreign-money claims.

The Uniform Law Commission has proposed a statute to prescribe rules for dealing with foreign-money claims.

Summary: The Uniform Foreign-money Claims Act is adopted. The act prescribes detailed rules for the payment of foreign-money claims.

The act applies only to the extent that the parties have not otherwise agreed to a method for handling a foreign-money claim. The parties are free to enter into their own such agreement before or after beginning an action otherwise covered by the act.

The act applies to "actions" or "distribution proceedings" involving a foreign-money claim. "Actions" are judicial proceedings or arbitrations in which a payment in money may be awarded or enforced with respect to a foreign-money claim. "Distribution proceedings" include judicial or nonjudicial proceedings such as accountings, assignments for the benefit of creditors, foreclosures, liquidations, and distributions of estates, trusts, or other funds.

If the parties to a transaction have not agreed to some other rule, the currency to be used to satisfy a foreign-money claim is:

1. The currency regularly used between the parties as a matter of usage or course of dealing; or

2. The currency regularly used in international trade for transactions involving the same commodity or service; or

3. The currency in which the loss is or will be felt by the party asserting the claim.

The act generally relies on "spot-rate" currency exchanges to fix the rate of exchange as of the "conversion date." A "spot-rate" is the rate at which a foreign currency dealer will sell foreign money either for payment within two days, or for immediate charge to an account. The "conversion date" is the banking day just before the day of payment of a claim.

The determination of the proper currency for a foreign-money claim is a question of law to be decided by the court rather than by a jury. A sample form of judgment is provided which sets forth the manner in which payment of a foreign-money claim is to be ordered.

A judgment on a foreign-money claim is payable in the appropriate foreign currency or, at the option of the debtor, in United States dollars in the amount sufficient to purchase the foreign currency on the conversion date at the spot rate.

Claims, counterclaims, and setoffs in a single action may each be made in a different currency. Assessed costs, however, are to be entered in United States dollars. The act does not effect the law relating to determination of interest rates on judgments.

Votes on Final Passage:

House	95	0
Senate	40	0

Effective: January 1, 1992