

**FINAL BILL REPORT**

**SB 5077**

**C 188 L 91**

**SYNOPSIS AS ENACTED**

**Brief Description:** Perfecting certain security interests upon recording.

**SPONSORS:** Senators Nelson and Rasmussen.

**SENATE COMMITTEE ON LAW & JUSTICE**

**HOUSE COMMITTEE ON JUDICIARY**

**BACKGROUND:**

In 1988, the Bankruptcy Court for the Western District of Washington held that an assignment of rents taken as security for a loan is an unperfected lien until the lender takes possession of the rents or has a receiver appointed. In 1989, the Legislature passed an act providing that the assignment of rents and loans for security are perfected as of the time of recording and no further action is required by the holder to perfect the security interest.

The 1989 legislation does not have a retroactive effect on assignment of rents.

**SUMMARY:**

Assignment of rents and loans for security are perfected as of the time of recording and no further action is required by the holder to perfect the security interest even if recorded before July 23, 1989, the effective date of the 1989 legislation.

**VOTES ON FINAL PASSAGE:**

Senate	33	13
House	94	1

**EFFECTIVE:** July 28, 1991