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**SENATE BILL 6186**

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**State of Washington**

**56th Legislature**

**2000 Regular Session**

**By Senators Heavey, Johnson and Gardner**

Read first time 01/10/2000. Referred to Committee on Judiciary.

1 AN ACT Relating to secured transactions; amending RCW 62A.1-105,  
2 62A.1-201, 62A.2-103, 62A.2-210, 62A.2-326, 62A.2-502, 62A.2-716,  
3 62A.2A-103, 62A.2A-303, 62A.2A-307, 62A.2A-309, 62A.2A-310, 62A.4-210,  
4 62A.7-503, 62A.8-103, 62A.8-106, 62A.8-110, 62A.8-301, 62A.8-302,  
5 62A.8-510, 9.38.020, 46.12.095, 46.12.103, 60.11.010, 60.11.020,  
6 60.11.030, 60.11.040, 60.11.050, 60.11.060, 60.11.070, 60.11.100,  
7 60.11.120, 60.11.130, 60.11.140, and 65.20.030; adding new sections to  
8 chapter 60.11 RCW; adding a new section to Article 62A.5 RCW; adding a  
9 new Article to Title 62A RCW; repealing RCW 62A.9-101, 62A.9-102,  
10 62A.9-103, 62A.9-104, 62A.9-105, 62A.9-106, 62A.9-107, 62A.9-108,  
11 62A.9-109, 62A.9-110, 62A.9-112, 62A.9-113, 62A.9-114, 62A.9-115,  
12 62A.9-116, 62A.9-201, 62A.9-202, 62A.9-203, 62A.9-204, 62A.9-205,  
13 62A.9-206, 62A.9-207, 62A.9-208, 62A.9-301, 62A.9-302, 62A.9-303,  
14 62A.9-304, 62A.9-305, 62A.9-306, 62A.9-307, 62A.9-308, 62A.9-309,  
15 62A.9-310, 62A.9-311, 62A.9-312, 62A.9-313, 62A.9-314, 62A.9-315,  
16 62A.9-316, 62A.9-317, 62A.9-318, 62A.9-401, 62A.9-402, 62A.9-403,  
17 62A.9-404, 62A.9-405, 62A.9-406, 62A.9-407, 62A.9-408, 62A.9-409,  
18 62A.9-420, 62A.9-501, 62A.9-502, 62A.9-503, 62A.9-504, 62A.9-505,  
19 62A.9-506, and 62A.9-507; and providing an effective date.

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:



1 (2)(A) "Account," except as used in "account for," means a right to  
2 payment of a monetary obligation, whether or not earned by performance,  
3 (i) for property that has been or is to be sold, leased, licensed,  
4 assigned, or otherwise disposed of, (ii) for services rendered or to be  
5 rendered, (iii) for a policy of insurance issued or to be issued, (iv)  
6 for a secondary obligation incurred or to be incurred, (v) for energy  
7 provided or to be provided, (vi) for the use or hire of a vessel under  
8 a charter or other contract, (vii) arising out of the use of a credit  
9 or charge card or information contained on or for use with the card, or  
10 (viii) as winnings in a lottery or other game of chance operated or  
11 sponsored by a state, governmental unit of a state, or person licensed  
12 or authorized to operate the game by a state or governmental unit of a  
13 state. The term includes health-care-insurance receivables.

14 (B) The term does not include (i) rights to payment evidenced by  
15 chattel paper or an instrument, (ii) commercial tort claims, (iii)  
16 deposit accounts, (iv) investment property, (v) letter-of-credit rights  
17 or letters of credit, or (vi) rights to payment for money or funds  
18 advanced or sold, other than rights arising out of the use of a credit  
19 or charge card or information contained on or for use with the card.

20 (3) "Account debtor" means a person obligated on an account,  
21 chattel paper, or general intangible. The term does not include  
22 persons obligated to pay a negotiable instrument, even if the  
23 instrument constitutes part of chattel paper.

24 (4) "Accounting," except as used in "accounting for," means a  
25 record:

26 (A) Authenticated by a secured party;

27 (B) Indicating the aggregate unpaid secured obligations as of a  
28 date not more than thirty-five days earlier or thirty-five days later  
29 than the date of the record; and

30 (C) Identifying the components of the obligations in reasonable  
31 detail.

32 (5) "Agricultural lien" means an interest, other than a security  
33 interest, in farm products:

34 (A) Which secures payment or performance of an obligation for:

35 (i) Goods or services furnished in connection with a debtor's  
36 farming operation; or

37 (ii) Rent on real property leased by a debtor in connection with  
38 its farming operation;

39 (B) Which is created by statute in favor of a person that:

1 (i) In the ordinary course of its business, furnished goods or  
2 services to a debtor in connection with a debtor's farming operation;  
3 or

4 (ii) Leased real property to a debtor in connection with the  
5 debtor's farming operation; and

6 (C) Whose effectiveness does not depend on the person's possession  
7 of the personal property.

8 (6) "As-extracted collateral" means:

9 (A) Oil, gas, or other minerals that are subject to a security  
10 interest that:

11 (i) Is created by a debtor having an interest in the minerals  
12 before extraction; and

13 (ii) Attaches to the minerals as extracted; or

14 (B) Accounts arising out of the sale at the wellhead or minehead of  
15 oil, gas, or other minerals in which the debtor had an interest before  
16 extraction.

17 (7) "Authenticate" means:

18 (A) To sign; or

19 (B) To execute or otherwise adopt a symbol, or encrypt or similarly  
20 process a record in whole or in part, with the present intent of the  
21 authenticating person to identify the person and adopt or accept a  
22 record.

23 (8) "Bank" means an organization that is engaged in the business of  
24 banking. The term includes savings banks, savings and loan  
25 associations, credit unions, and trust companies.

26 (9) "Cash proceeds" means proceeds that are money, checks, deposit  
27 accounts, or the like.

28 (10) "Certificate of title" means a certificate of title with  
29 respect to which a statute provides for the security interest in  
30 question to be indicated on the certificate as a condition or result of  
31 the security interest's obtaining priority over the rights of a lien  
32 creditor with respect to the collateral.

33 (11) "Chattel paper" means a record or records that evidence both  
34 a monetary obligation and a security interest in specific goods, a  
35 security interest in specific goods and software used in the goods, a  
36 security interest in specific goods and license of software used in the  
37 goods, a lease of specific goods, or a lease of specific goods and  
38 license of software used in the goods. In this subsection, "monetary  
39 obligation" means a monetary obligation secured by the goods or owed

1 under a lease of the goods and includes a monetary obligation with  
2 respect to software used in the goods. The term "chattel paper" does  
3 not include charters or other contracts involving the use or hire of a  
4 vessel. If a transaction is evidenced by records that include an  
5 instrument or series of instruments, the group of records taken  
6 together constitutes chattel paper.

7 (12) "Collateral" means the property subject to a security interest  
8 or agricultural lien. The term includes:

9 (A) Proceeds to which a security interest attaches;

10 (B) Accounts, chattel paper, payment intangibles, and promissory  
11 notes that have been sold; and

12 (C) Goods that are the subject of a consignment.

13 (13) "Commercial tort claim" means a claim arising in tort with  
14 respect to which:

15 (A) The claimant is an organization; or

16 (B) The claimant is an individual, and the claim:

17 (i) Arose in the course of the claimant's business or profession;  
18 and

19 (ii) Does not include damages arising out of personal injury to, or  
20 the death of, an individual.

21 (14) "Commodity account" means an account maintained by a commodity  
22 intermediary in which a commodity contract is carried for a commodity  
23 customer.

24 (15) "Commodity contract" means a commodity futures contract, an  
25 option on a commodity futures contract, a commodity option, or another  
26 contract if the contract or option is:

27 (A) Traded on or subject to the rules of a board of trade that has  
28 been designated as a contract market for such a contract pursuant to  
29 federal commodities laws; or

30 (B) Traded on a foreign commodity board of trade, exchange, or  
31 market, and is carried on the books of a commodity intermediary for a  
32 commodity customer.

33 (16) "Commodity customer" means a person for which a commodity  
34 intermediary carries a commodity contract on its books.

35 (17) "Commodity intermediary" means a person that:

36 (A) Is registered as a futures commission merchant under federal  
37 commodities law; or

1 (B) In the ordinary course of its business, provides clearance or  
2 settlement services for a board of trade that has been designated as a  
3 contract market pursuant to federal commodities law.

4 (18) "Communicate" means:

5 (A) To send a written or other tangible record;

6 (B) To transmit a record by any means agreed upon by the persons  
7 sending and receiving the record; or

8 (C) In the case of transmission of a record to or by a filing  
9 office, to transmit a record by any means prescribed by filing-office  
10 rule.

11 (19) "Consignee" means a merchant to which goods are delivered in  
12 a consignment.

13 (20) "Consignment" means a transaction, regardless of its form, in  
14 which a person delivers goods to a merchant for the purpose of sale  
15 and:

16 (A) The merchant:

17 (i) Deals in goods of that kind under a name other than the name of  
18 the person making delivery;

19 (ii) Is not an auctioneer; and

20 (iii) Is not generally known by its creditors to be substantially  
21 engaged in selling the goods of others;

22 (B) With respect to each delivery, the aggregate value of the goods  
23 is one thousand dollars or more at the time of delivery;

24 (C) The goods are not consumer goods immediately before delivery;  
25 and

26 (D) The transaction does not create a security interest that  
27 secures an obligation.

28 (21) "Consignor" means a person that delivers goods to a consignee  
29 in a consignment.

30 (22) "Consumer debtor" means a debtor in a consumer transaction.

31 (23) "Consumer goods" means goods that are used or bought for use  
32 primarily for personal, family, or household purposes.

33 (24) "Consumer-goods transaction" means a consumer transaction in  
34 which:

35 (A) An individual incurs a consumer obligation; and

36 (B) A security interest in consumer goods secures the obligation.

37 (25) "Consumer obligation" means an obligation which:

38 (A) Is incurred as part of a transaction entered into primarily for  
39 personal, family, or household purposes; and

1 (B) Arises from an extension of credit, or commitment to extend  
2 credit, in an aggregate amount not exceeding forty thousand dollars, or  
3 is secured by personal property used or expected to be used as a  
4 principal dwelling.

5 "Consumer obligor" means an obligor who is an individual and who  
6 incurred a consumer obligation.

7 (26) "Consumer transaction" means a transaction in which (A) an  
8 individual incurs a consumer obligation, (B) a security interest  
9 secures the obligation, and (C) the collateral is held or acquired  
10 primarily for personal, family, or household purposes. The term  
11 includes consumer-goods transactions.

12 (27) "Continuation statement" means an amendment of a financing  
13 statement which:

14 (A) Identifies, by its file number, the initial financing statement  
15 to which it relates; and

16 (B) Indicates that it is a continuation statement for, or that it  
17 is filed to continue the effectiveness of, the identified financing  
18 statement.

19 (28) "Debtor" means:

20 (A) A person having an interest, other than a security interest or  
21 other lien, in the collateral, whether or not the person is an obligor;

22 (B) A seller of accounts, chattel paper, payment intangibles, or  
23 promissory notes; or

24 (C) A consignee.

25 (29) "Deposit account" means a demand, time, savings, passbook, or  
26 similar account maintained with a bank. The term does not include  
27 investment property or accounts evidenced by an instrument.

28 (30) "Document" means a document of title or a receipt of the type  
29 described in RCW 62A.7-201(2).

30 (31) "Electronic chattel paper" means chattel paper evidenced by a  
31 record or records consisting of information stored in an electronic  
32 medium.

33 (32) "Encumbrance" means a right, other than an ownership interest,  
34 in real property. The term includes mortgages and other liens on real  
35 property.

36 (33) "Equipment" means goods other than inventory, farm products,  
37 or consumer goods.

1 (34) "Farm products" means goods, other than standing timber, with  
2 respect to which the debtor is engaged in a farming operation and which  
3 are:

4 (A) Crops grown, growing, or to be grown, including:

5 (i) Crops produced on trees, vines, and bushes; and

6 (ii) Aquatic goods produced in aquacultural operations;

7 (B) Livestock, born or unborn, including aquatic goods produced in  
8 aquacultural operations;

9 (C) Supplies used or produced in a farming operation; or

10 (D) Products of crops or livestock in their unmanufactured states.

11 (35) "Farming operation" means raising, cultivating, propagating,  
12 fattening, grazing, or any other farming, livestock, or aquacultural  
13 operation.

14 (36) "File number" means the number assigned to an initial  
15 financing statement pursuant to RCW 62A.9A-519(a).

16 (37) "Filing office" means an office designated in RCW 62A.9A-501  
17 as the place to file a financing statement.

18 (38) "Filing-office rule" means a rule adopted pursuant to RCW  
19 62A.9A-526.

20 (39) "Financing statement" means a record or records composed of an  
21 initial financing statement and any filed record relating to the  
22 initial financing statement.

23 (40) "Fixture filing" means the filing of a financing statement  
24 covering goods that are or are to become fixtures and satisfying RCW  
25 62A.9A-502 (a) and (b). The term includes the filing of a financing  
26 statement covering goods of a transmitting utility which are or are to  
27 become fixtures.

28 (41) "Fixtures" means goods that have become so related to  
29 particular real property that an interest in them arises under real  
30 property law.

31 (42) "General intangible" means any personal property, including  
32 things in action, other than accounts, chattel paper, commercial tort  
33 claims, deposit accounts, documents, goods, instruments, investment  
34 property, letter-of-credit rights, letters of credit, money, and oil,  
35 gas, or other minerals before extraction. The term includes payment  
36 intangibles and software.

37 (43) "Good faith" means honesty in fact and the observance of  
38 reasonable commercial standards of fair dealing.



1 (44) "Goods" means all things that are movable when a security  
2 interest attaches. The term includes (A) fixtures, (B) standing timber  
3 that is to be cut and removed under a conveyance or contract for sale,  
4 (C) the unborn young of animals, (D) crops grown, growing, or to be  
5 grown, even if the crops are produced on trees, vines, or bushes, and  
6 (E) manufactured homes. The term also includes a computer program  
7 embedded in goods and any supporting information provided in connection  
8 with a transaction relating to the program if (i) the program is  
9 associated with the goods in such a manner that it customarily is  
10 considered part of the goods, or (ii) by becoming the owner of the  
11 goods, a person acquires a right to use the program in connection with  
12 the goods. The term does not include a computer program embedded in  
13 goods that consist solely of the medium in which the program is  
14 embedded. The term also does not include accounts, chattel paper,  
15 commercial tort claims, deposit accounts, documents, general  
16 intangibles, instruments, investment property, letter-of-credit rights,  
17 letters of credit, money, or oil, gas, or other minerals before  
18 extraction or a manufactured home converted to real property under  
19 chapter 65.20 RCW.

20 (45) "Governmental unit" means a subdivision, agency, department,  
21 county, parish, municipality, or other unit of the government of the  
22 United States, a state, or a foreign country. The term includes an  
23 organization having a separate corporate existence if the organization  
24 is eligible to issue debt on which interest is exempt from income  
25 taxation under the laws of the United States.

26 (46) "Health-care-insurance receivable" means an interest in or  
27 claim under a policy of insurance which is a right to payment of a  
28 monetary obligation for health-care goods or services provided.

29 (47) "Instrument" means a negotiable instrument or any other  
30 writing that evidences a right to the payment of a monetary obligation,  
31 is not itself a security agreement or lease, and is of a type that in  
32 ordinary course of business is transferred by delivery with any  
33 necessary indorsement or assignment. The term does not include (A)  
34 investment property, (B) letters of credit, (C) writings that evidence  
35 a right to payment arising out of the use of a credit or charge card or  
36 information contained on or for use with the card, (D) writings that do  
37 not contain a promise or order to pay, or (E) writings that are  
38 expressly nontransferable or nonassignable.

39 (48) "Inventory" means goods, other than farm products, which:

- 1 (A) Are leased by a person as lessor;  
2 (B) Are held by a person for sale or lease or to be furnished under  
3 a contract of service;  
4 (C) Are furnished by a person under a contract of service; or  
5 (D) Consist of raw materials, work in process, or materials used or  
6 consumed in a business.

7 (49) "Investment property" means a security, whether certificated  
8 or uncertificated, security entitlement, securities account, commodity  
9 contract, or commodity account.

10 (50) "Jurisdiction of organization," with respect to a registered  
11 organization, means the jurisdiction under whose law the organization  
12 is organized.

13 (51) "Letter-of-credit right" means a right to payment or  
14 performance under a letter of credit, whether or not the beneficiary  
15 has demanded or is at the time entitled to demand payment or  
16 performance. The term does not include the right of a beneficiary to  
17 demand payment or performance under a letter of credit.

18 (52) "Lien creditor" means:

19 (A) A creditor that has acquired a lien on the property involved by  
20 attachment, levy, or the like;

21 (B) An assignee for benefit of creditors from the time of  
22 assignment;

23 (C) A trustee in bankruptcy from the date of the filing of the  
24 petition; or

25 (D) A receiver in equity from the time of appointment.

26 (53) "Manufactured home" means a manufactured home or mobile home  
27 as defined in RCW 46.04.302.

28 (54) [Reserved]

29 (55) "Mortgage" means a consensual interest in real property,  
30 including fixtures, which secures payment or performance of an  
31 obligation.

32 (56) "New debtor" means a person that becomes bound as debtor under  
33 RCW 62A.9A-203(d) by a security agreement previously entered into by  
34 another person.

35 (57) "New value" means (A) money, (B) money's worth in property,  
36 services, or new credit, or (C) release by a transferee of an interest  
37 in property previously transferred to the transferee. The term does  
38 not include an obligation substituted for another obligation.

39 (58) "Noncash proceeds" means proceeds other than cash proceeds.

1 (59) "Obligor" means a person that, with respect to an obligation  
2 secured by a security interest in or an agricultural lien on the  
3 collateral, (A) owes payment or other performance of the obligation,  
4 (B) has provided property other than the collateral to secure payment  
5 or other performance of the obligation, or (C) is otherwise accountable  
6 in whole or in part for payment or other performance of the obligation.  
7 The term does not include issuers or nominated persons under a letter  
8 of credit.

9 (60) "Original debtor" means a person that, as debtor, entered into  
10 a security agreement to which a new debtor has become bound under RCW  
11 62A.9A-203(d).

12 (61) "Payment intangible" means a general intangible under which  
13 the account debtor's principal obligation is a monetary obligation.

14 (62) "Person related to," with respect to an individual, means:

15 (A) The spouse of the individual;

16 (B) A brother, brother-in-law, sister, or sister-in-law of the  
17 individual;

18 (C) An ancestor or lineal descendant of the individual or the  
19 individual's spouse; or

20 (D) Any other relative, by blood or marriage, of the individual or  
21 the individual's spouse who shares the same home with the individual.

22 (63) "Person related to," with respect to an organization, means:

23 (A) A person directly or indirectly controlling, controlled by, or  
24 under common control with the organization;

25 (B) An officer or director of, or a person performing similar  
26 functions with respect to, the organization;

27 (C) An officer or director of, or a person performing similar  
28 functions with respect to, a person described in (64)(A) of this  
29 subsection;

30 (D) The spouse of an individual described in (64)(A), (B), or (C)  
31 of this subsection; or

32 (E) An individual who is related by blood or marriage to an  
33 individual described in (64)(A), (B), (C), or (D) of this subsection  
34 and shares the same home with the individual.

35 (64) "Proceeds" means the following property:

36 (A) Whatever is acquired upon the sale, lease, license, exchange,  
37 or other disposition of collateral;

38 (B) Whatever is collected on, or distributed on account of,  
39 collateral;

1 (C) Rights arising out of collateral;

2 (D) To the extent of the value of collateral, claims arising out of  
3 the loss, nonconformity, or interference with the use of, defects or  
4 infringement of rights in, or damage to, the collateral; or

5 (E) To the extent of the value of collateral and to the extent  
6 payable to the debtor or the secured party, insurance payable by reason  
7 of the loss or nonconformity of, defects or infringement of rights in,  
8 or damage to, the collateral.

9 (65) "Promissory note" means an instrument that evidences a promise  
10 to pay a monetary obligation, does not evidence an order to pay, and  
11 does not contain an acknowledgment by a bank that the bank has received  
12 for deposit a sum of money or funds.

13 (66) "Proposal" means a record authenticated by a secured party,  
14 which includes the terms on which the secured party is willing to  
15 accept collateral in full or partial satisfaction of the obligation it  
16 secures pursuant to RCW 62A.9A-620, 62A.9A-621, and 62A.9A-622.

17 (67) "Public-finance transaction" means a secured transaction in  
18 connection with which:

19 (A) Debt securities are issued;

20 (B) All or a portion of the securities issued have an initial  
21 stated maturity of at least twenty years; and

22 (C) The debtor, obligor, secured party, account debtor or other  
23 person obligated on collateral, assignor or assignee of a secured  
24 obligation, or assignor or assignee of a security interest is a state  
25 or a governmental unit of a state.

26 (68) "Pursuant to commitment," with respect to an advance made or  
27 other value given by a secured party, means pursuant to the secured  
28 party's obligation, whether or not a subsequent event of default or  
29 other event not within the secured party's control has relieved or may  
30 relieve the secured party from its obligation.

31 (69) "Record," except as used in "for record," "of record," "record  
32 or legal title," and "record owner," means information that is  
33 inscribed on a tangible medium or which is stored in an electronic or  
34 other medium and is retrievable in perceivable form.

35 (70) "Registered organization" means an organization organized  
36 solely under the law of a single state or the United States and as to  
37 which the state or the United States must maintain a public record  
38 showing the organization to have been organized.

39 (71) "Secondary obligor" means an obligor to the extent that:

1 (A) The obligor's obligation is secondary; or

2 (B) The obligor has a right of recourse with respect to an  
3 obligation secured by collateral against the debtor, another obligor,  
4 or property of either.

5 (72) "Secured party" means:

6 (A) A person in whose favor a security interest is created or  
7 provided for under a security agreement, whether or not any obligation  
8 to be secured is outstanding;

9 (B) A person that holds an agricultural lien;

10 (C) A consignor;

11 (D) A person to which accounts, chattel paper, payment intangibles,  
12 or promissory notes have been sold;

13 (E) A trustee, indenture trustee, agent, collateral agent, or other  
14 representative in whose favor a security interest or agricultural lien  
15 is created or provided for; or

16 (F) A person that holds a security interest arising under RCW  
17 62A.2-401, 62A.2-505, 62A.2-711(3), 62A.2A-508(5), 62A.4-210, or  
18 62A.5-118.

19 (73) "Security agreement" means an agreement that creates or  
20 provides for a security interest.

21 (74) "Send," in connection with a record or notification, means:

22 (A) To deposit in the mail, deliver for transmission, or transmit  
23 by any other usual means of communication, with postage or cost of  
24 transmission provided for, addressed to any address reasonable under  
25 the circumstances; or

26 (B) To cause the record or notification to be received within the  
27 time that it would have been received if properly sent under (75)(A) of  
28 this subsection.

29 (75) "Software" means a computer program and any supporting  
30 information provided in connection with a transaction relating to the  
31 program. The term does not include a computer program that is included  
32 in the definition of goods.

33 (76) "State" means a state of the United States, the District of  
34 Columbia, Puerto Rico, the United States Virgin Islands, or any  
35 territory or insular possession subject to the jurisdiction of the  
36 United States.

37 (77) "Supporting obligation" means a letter-of-credit right or  
38 secondary obligation that supports the payment or performance of an

1 account, chattel paper, a document, a general intangible, an  
2 instrument, or investment property.

3 (78) "Tangible chattel paper" means chattel paper evidenced by a  
4 record or records consisting of information that is inscribed on a  
5 tangible medium.

6 (79) "Termination statement" means an amendment of a financing  
7 statement which:

8 (A) Identifies, by its file number, the initial financing statement  
9 to which it relates; and

10 (B) Indicates either that it is a termination statement or that the  
11 identified financing statement is no longer effective.

12 (80) "Transmitting utility" means a person primarily engaged in the  
13 business of:

14 (A) Operating a railroad, subway, street railway, or trolley bus;

15 (B) Transmitting communications electrically, electromagnetically,  
16 or by light;

17 (C) Transmitting goods by pipeline or sewer; or

18 (D) Transmitting or producing and transmitting electricity, steam,  
19 gas, or water.

20 (b) **Definitions in other Articles.** The following definitions in  
21 other Articles apply to this Article:

22 "Applicant." RCW 62A.5-102.

23 "Beneficiary." RCW 62A.5-102.

24 "Broker." RCW 62A.8-102.

25 "Certificated security." RCW 62A.8-102.

26 "Check." RCW 62A.3-104.

27 "Clearing corporation." RCW 62A.8-102.

28 "Contract for sale." RCW 62A.2-106.

29 "Customer." RCW 62A.4-104.

30 "Entitlement holder." RCW 62A.8-102.

31 "Financial asset." RCW 62A.8-102.

32 "Holder in due course." RCW 62A.3-302.

33 "Issuer" with respect to a letter of  
34 credit or letter-of-credit right. RCW 62A.5-102.

35 "Issuer" with respect to a security. RCW 62A.8-201.

36 "Lease." RCW 62A.2A-103.

37 "Lease agreement." RCW 62A.2A-103.

38 "Lease contract." RCW 62A.2A-103.

39 "Leasehold interest." RCW 62A.2A-103.

1	"Lessee."	RCW 62A.2A-103.
2	"Lessee in ordinary course of business."	RCW 62A.2A-103.
3	"Lessor."	RCW 62A.2A-103.
4	"Lessor's residual interest."	RCW 62A.2A-103.
5	"Letter of credit."	RCW 62A.5-102.
6	"Merchant."	RCW 62A.2-104.
7	"Negotiable instrument."	RCW 62A.3-104.
8	"Nominated person."	RCW 62A.5-102.
9	"Note."	RCW 62A.3-104.
10	"Proceeds of a letter of credit."	RCW 62A.5-114.
11	"Prove."	RCW 62A.3-103.
12	"Sale."	RCW 62A.2-106.
13	"Securities account."	RCW 62A.8-501.
14	"Securities intermediary."	RCW 62A.8-102.
15	"Security."	RCW 62A.8-102.
16	"Security certificate."	RCW 62A.8-102.
17	"Security entitlement."	RCW 62A.8-102.
18	"Uncertificated security."	RCW 62A.8-102.

19 (c) **Article 1 definitions and principles.** Article 1 contains  
20 general definitions and principles of construction and interpretation  
21 applicable throughout this Article.

22 NEW SECTION. **Sec. 9A-103.** PURCHASE-MONEY SECURITY INTEREST;  
23 APPLICATION OF PAYMENTS; BURDEN OF ESTABLISHING. (a) **Definitions.** In  
24 this section:

25 (1) "Purchase-money collateral" means goods or software that  
26 secures a purchase-money obligation incurred with respect to that  
27 collateral; and

28 (2) "Purchase-money obligation" means an obligation of an obligor  
29 incurred as all or part of the price of the collateral or for value  
30 given to enable the debtor to acquire rights in, or the use of, the  
31 collateral, if the value is in fact so used.

32 (b) **Purchase-money security interest in goods.** A security interest  
33 in goods is a purchase-money security interest:

34 (1) To the extent that the goods are purchase-money collateral with  
35 respect to that security interest;

36 (2) If the security interest is in inventory that is or was  
37 purchase-money collateral, also to the extent that the security  
38 interest secures a purchase-money obligation incurred with respect to

1 other inventory in which the secured party holds or held a purchase-  
2 money security interest; and

3 (3) Also to the extent that the security interest secures a  
4 purchase-money obligation incurred with respect to software in which  
5 the secured party holds or held a purchase-money security interest.

6 (c) **Purchase-money security interest in software.** A security  
7 interest in software is a purchase-money security interest to the  
8 extent that the security interest also secures a purchase-money  
9 obligation incurred with respect to goods in which the secured party  
10 holds or held a purchase-money security interest if:

11 (1) The debtor acquired its interest in the software in an  
12 integrated transaction in which it acquired an interest in the goods;  
13 and

14 (2) The debtor acquired its interest in the software for the  
15 principal purpose of using the software in the goods.

16 (d) **Consignor's inventory purchase-money security interest.** The  
17 security interest of a consignor in goods that are the subject of a  
18 consignment is a purchase-money security interest in inventory.

19 (e) **Application of payment in nonconsumer-goods transaction.** In a  
20 transaction other than a consumer-goods transaction, if the extent to  
21 which a security interest is a purchase-money security interest depends  
22 on the application of a payment to a particular obligation, the payment  
23 must be applied:

24 (1) In accordance with any reasonable method of application to  
25 which the parties agree;

26 (2) In the absence of the parties' agreement to a reasonable  
27 method, in accordance with any intention of the obligor manifested at  
28 or before the time of payment; or

29 (3) In the absence of an agreement to a reasonable method and a  
30 timely manifestation of the obligor's intention, in the following  
31 order:

32 (A) To obligations that are not secured; and

33 (B) If more than one obligation is secured, to obligations secured  
34 by purchase-money security interests in the order in which those  
35 obligations were incurred.

36 (f) **No loss of status of purchase-money security interest in  
37 nonconsumer-goods transaction.** In a transaction other than a consumer-  
38 goods transaction, a purchase-money security interest does not lose its  
39 status as such, even if:



1 (1) The purchase-money collateral also secures an obligation that  
2 is not a purchase-money obligation;

3 (2) Collateral that is not purchase-money collateral also secures  
4 the purchase-money obligation; or

5 (3) The purchase-money obligation has been renewed, refinanced,  
6 consolidated, or restructured.

7 (g) **Burden of proof in nonconsumer-goods transaction.** In a  
8 transaction other than a consumer-goods transaction, a secured party  
9 claiming a purchase-money security interest has the burden of  
10 establishing the extent to which the security interest is a purchase-  
11 money security interest.

12 (h) **Nonconsumer-goods transactions; no inference.** The limitation  
13 of the rules in subsections (e), (f), and (g) of this section to  
14 transactions other than consumer-goods transactions is intended to  
15 leave to the court the determination of the proper rules in consumer-  
16 goods transactions. The court may not infer from that limitation the  
17 nature of the proper rule in consumer-goods transactions and may  
18 continue to apply established approaches.

19 NEW SECTION. **Sec. 9A-104.** CONTROL OF DEPOSIT ACCOUNT. (a)  
20 **Requirements for control.** A secured party has control of a deposit  
21 account if:

22 (1) The secured party is the bank with which the deposit account is  
23 maintained;

24 (2) The debtor, secured party, and bank have agreed in an  
25 authenticated record that the bank will comply with instructions  
26 originated by the secured party directing disposition of the funds in  
27 the account without further consent by the debtor; or

28 (3) The secured party becomes the bank's customer with respect to  
29 the deposit account.

30 (b) **Debtor's right to direct disposition.** A secured party that has  
31 satisfied subsection (a) of this section has control, even if the  
32 debtor retains the right to direct the disposition of funds from the  
33 deposit account.

34 NEW SECTION. **Sec. 9A-105.** CONTROL OF ELECTRONIC CHATTEL PAPER.  
35 A secured party has control of electronic chattel paper if the record  
36 or records comprising the chattel paper are created, stored, and  
37 assigned in such a manner that:

1 (1) A single authoritative copy of the record or records exists  
2 which is unique, identifiable and, except as otherwise provided in (4),  
3 (5), and (6) of this section, unalterable;

4 (2) The authoritative copy identifies the secured party as the  
5 assignee of the record or records;

6 (3) The authoritative copy is communicated to and maintained by the  
7 secured party or its designated custodian;

8 (4) Copies or revisions that add or change an identified assignee  
9 of the authoritative copy can be made only with the participation of  
10 the secured party;

11 (5) Each copy of the authoritative copy and any copy of a copy is  
12 readily identifiable as a copy that is not the authoritative copy; and

13 (6) Any revision of the authoritative copy is readily identifiable  
14 as an authorized or unauthorized revision.

15 NEW SECTION. **Sec. 9A-106.** CONTROL OF INVESTMENT PROPERTY. (a)  
16 **Control under RCW 62A.8-106.** A person has control of a certificated  
17 security, uncertificated security, or security entitlement as provided  
18 in RCW 62A.8-106.

19 (b) **Control of commodity contract.** A secured party has control of  
20 a commodity contract if:

21 (1) The secured party is the commodity intermediary with which the  
22 commodity contract is carried; or

23 (2) The commodity customer, secured party, and commodity  
24 intermediary have agreed that the commodity intermediary will apply any  
25 value distributed on account of the commodity contract as directed by  
26 the secured party without further consent by the commodity customer.

27 (c) **Effect of control of securities account or commodity account.**  
28 A secured party having control of all security entitlements or  
29 commodity contracts carried in a securities account or commodity  
30 account has control over the securities account or commodity account.

31 NEW SECTION. **Sec. 9A-107.** CONTROL OF LETTER-OF-CREDIT RIGHT. A  
32 secured party has control of a letter-of-credit right to the extent of  
33 any right to payment or performance by the issuer or any nominated  
34 person if the issuer or nominated person has consented to an assignment  
35 of proceeds of the letter of credit under RCW 62A.5-114(c) or otherwise  
36 applicable law or practice.

1        NEW SECTION. Sec. 9A-108. SUFFICIENCY OF DESCRIPTION IN SECURITY  
2 AGREEMENT. (a) **Sufficiency of description.** Except as otherwise  
3 provided in subsections (c), (d), and (e) of this section, a  
4 description of personal or real property is sufficient, whether or not  
5 it is specific, if it reasonably identifies what is described.

6        (b) **Examples of reasonable identification.** Except as otherwise  
7 provided in subsection (d) of this section, a description of collateral  
8 reasonably identifies the collateral if it identifies the collateral  
9 by:

10        (1) Specific listing;

11        (2) Category;

12        (3) Except as otherwise provided in subsection (e) of this section,  
13 a type of collateral defined in the Uniform Commercial Code;

14        (4) Quantity;

15        (5) Computational or allocational formula or procedure; or

16        (6) Except as otherwise provided in subsection (c) of this section,  
17 any other method, if the identity of the collateral is objectively  
18 determinable.

19        (c) **Supergeneric description not sufficient.** A description of  
20 collateral as "all the debtor's assets" or "all the debtor's personal  
21 property" or using words of similar import does not reasonably identify  
22 the collateral. However, as provided in RCW 62A.9A-504, such a  
23 description is sufficient in a financing statement.

24        (d) **Investment property.** Except as otherwise provided in  
25 subsection (e) of this section, a description of a security  
26 entitlement, securities account, or commodity account is sufficient if  
27 it describes:

28        (1) The collateral by those terms or as investment property; or

29        (2) The underlying financial asset or commodity contract.

30        (e) **When description by type insufficient.** A description only by  
31 type of collateral defined in the Uniform Commercial Code is an  
32 insufficient description of:

33        (1) A commercial tort claim; or

34        (2) In a consumer transaction, consumer goods, a security  
35 entitlement, a securities account, or a commodity account.

36        NEW SECTION. Sec. 9A-109. SCOPE. (a) **General scope of Article.**  
37 Except as otherwise provided in subsections (c) and (d) of this  
38 section, this Article applies to:

1 (1) A transaction, regardless of its form, that creates a security  
2 interest in personal property or fixtures by contract;

3 (2) An agricultural lien;

4 (3) A sale of accounts, chattel paper, payment intangibles, or  
5 promissory notes;

6 (4) A consignment;

7 (5) A security interest arising under RCW 62A.2-401, 62A.2-505,  
8 62A.2-711(3), or 62A.2A-508(5), as provided in RCW 62A.9A-110; and

9 (6) A security interest arising under RCW 62A.4-210 or 62A.5-118.

10 (b) **Security interest in secured obligation.** The application of  
11 this Article to a security interest in a secured obligation is not  
12 affected by the fact that the obligation is itself secured by a  
13 transaction or interest to which this Article does not apply.

14 (c) **Extent to which Article does not apply.** This Article does not  
15 apply to the extent that:

16 (1) A statute, regulation, or treaty of the United States preempts  
17 this Article;

18 (2) Another statute of this state expressly governs the creation,  
19 perfection, priority, or enforcement of a security interest created by  
20 this state or a governmental unit of this state;

21 (3) A statute of another state, a foreign country, or a  
22 governmental unit of another state or a foreign country, other than a  
23 statute generally applicable to security interests, expressly governs  
24 creation, perfection, priority, or enforcement of a security interest  
25 created by the state, country, or governmental unit; or

26 (4) The rights of a transferee beneficiary or nominated person  
27 under a letter of credit are independent and superior under RCW  
28 62A.5-114.

29 (d) **Inapplicability of Article.** This Article does not apply to:

30 (1) A landlord's lien, other than an agricultural lien;

31 (2) A lien, other than an agricultural lien, given by statute or  
32 other rule of law for services or materials, but RCW 62A.9A-333 applies  
33 with respect to priority of the lien;

34 (3) An assignment of a claim for wages, salary, or other  
35 compensation of an employee;

36 (4) A sale of accounts, chattel paper, payment intangibles, or  
37 promissory notes as part of a sale of the business out of which they  
38 arose;

1 (5) An assignment of accounts, chattel paper, payment intangibles,  
2 or promissory notes which is for the purpose of collection only;

3 (6) An assignment of a right to payment under a contract to an  
4 assignee that is also obligated to perform under the contract;

5 (7) An assignment of a single account, payment intangible, or  
6 promissory note to an assignee in full or partial satisfaction of a  
7 preexisting indebtedness;

8 (8) A transfer of an interest in or an assignment of a claim under  
9 a policy of insurance, other than an assignment by or to a health-care  
10 provider of a health-care-insurance receivable and any subsequent  
11 assignment of the right to payment, but RCW 62A.9A-315 and 62A.9A-322  
12 apply with respect to proceeds and priorities in proceeds;

13 (9) An assignment of a right represented by a judgment, other than  
14 a judgment taken on a right to payment that was collateral;

15 (10) A right of recoupment or set-off, but:

16 (A) RCW 62A.9A-340 applies with respect to the effectiveness of  
17 rights of recoupment or set-off against deposit accounts; and

18 (B) RCW 62A.9A-404 applies with respect to defenses or claims of an  
19 account debtor;

20 (11) The creation or transfer of an interest in or lien on real  
21 property, including a lease or rents thereunder, except to the extent  
22 that provision is made for:

23 (A) Liens on real property in RCW 62A.9A-203 and 62A.9A-308;

24 (B) Fixtures in RCW 62A.9A-334;

25 (C) Fixture filings in RCW 62A.9A-501, 62A.9A-502, 62A.9A-512,  
26 62A.9A-516, and 62A.9A-519; and

27 (D) Security agreements covering personal and real property in RCW  
28 62A.9A-604;

29 (12) An assignment of a claim arising in tort, other than a  
30 commercial tort claim, but RCW 62A.9A-315 and 62A.9A-322 apply with  
31 respect to proceeds and priorities in proceeds;

32 (13) An assignment in a consumer transaction of a deposit account  
33 on which checks can be drawn, but RCW 62A.9A-315 and 62A.9A-322 apply  
34 with respect to proceeds and priorities in proceeds; or

35 (14) A transfer by this state or a governmental unit of this state.

36 NEW SECTION. **Sec. 9A-110.** SECURITY INTERESTS ARISING UNDER  
37 ARTICLE 2 OR 2A. A security interest arising under RCW 62A.2-401,

1 62A.2-505, 62A.2-711(3), or 62A.2A-508(5) is subject to this Article.  
2 However, until the debtor obtains possession of the goods:  
3 (1) The security interest is enforceable, even if RCW  
4 62A.9A-203(b)(3) has not been satisfied;  
5 (2) Filing is not required to perfect the security interest;  
6 (3) The rights of the secured party after default by the debtor are  
7 governed by Article 2 or 2A; and  
8 (4) The security interest has priority over a conflicting security  
9 interest created by the debtor.

10 PART 2

11 EFFECTIVENESS OF SECURITY AGREEMENT;

12 ATTACHMENT OF SECURITY INTEREST;

13 RIGHTS OF PARTIES TO SECURITY AGREEMENT

14 NEW SECTION. **Sec. 9A-201.** GENERAL EFFECTIVENESS OF SECURITY  
15 AGREEMENT. (a) **General effectiveness.** Except as otherwise provided in  
16 the Uniform Commercial Code, a security agreement is effective  
17 according to its terms between the parties, against purchasers of the  
18 collateral, and against creditors.

19 (b) **Applicable consumer laws and other law.** A transaction subject  
20 to this Article is subject to any applicable rule of law which  
21 establishes a different rule for consumers and (i) any other statute or  
22 regulation that regulates the rates, charges, agreements, and practices  
23 for loans, credit sales, or other extensions of credit and (ii) any  
24 consumer-protection statute or regulation.

25 (c) **Other applicable law controls.** In case of conflict between  
26 this Article and a rule of law, statute, or regulation described in  
27 subsection (b) of this section, the rule of law, statute, or regulation  
28 controls. Failure to comply with a statute or regulation described in  
29 subsection (b) of this section has only the effect the statute or  
30 regulation specifies.

31 (d) **Further deference to other applicable law.** This Article does  
32 not:

33 (1) Validate any rate, charge, agreement, or practice that violates  
34 a rule of law, statute, or regulation described in subsection (b) of  
35 this section; or

36 (2) Extend the application of the rule of law, statute, or  
37 regulation to a transaction not otherwise subject to it.

1        NEW SECTION.    **Sec. 9A-202.**    TITLE TO COLLATERAL IMMATERIAL.    Except  
2 as otherwise provided with respect to consignments or sales of  
3 accounts, chattel paper, payment intangibles, or promissory notes, the  
4 provisions of this Article with regard to rights and obligations apply  
5 whether title to collateral is in the secured party or the debtor.

6        NEW SECTION.    **Sec. 9A-203.**    ATTACHMENT AND ENFORCEABILITY OF  
7 SECURITY INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS; FORMAL REQUISITES.

8        (a) **Attachment.**    A security interest attaches to collateral when it  
9 becomes enforceable against the debtor with respect to the collateral,  
10 unless an agreement expressly postpones the time of attachment.

11        (b) **Enforceability.**    Except as otherwise provided in subsections  
12 (c) through (i) of this section, a security interest is enforceable  
13 against the debtor and third parties with respect to the collateral  
14 only if:

15            (1) Value has been given;

16            (2) The debtor has rights in the collateral or the power to  
17 transfer rights in the collateral to a secured party; and

18            (3) One of the following conditions is met:

19            (A) The debtor has authenticated a security agreement that provides  
20 a description of the collateral and, if the security interest covers  
21 timber to be cut, a description of the land concerned;

22            (B) The collateral is not a certificated security and is in the  
23 possession of the secured party under RCW 62A.9A-313 pursuant to the  
24 debtor's security agreement;

25            (C) The collateral is a certificated security in registered form  
26 and the security certificate has been delivered to the secured party  
27 under RCW 62A.8-301 pursuant to the debtor's security agreement; or

28            (D) The collateral is deposit accounts, electronic chattel paper,  
29 investment property, or letter-of-credit rights, and the secured party  
30 has control under RCW 62A.9A-104, 62A.9A-105, 62A.9A-106, or 62A.9A-107  
31 pursuant to the debtor's security agreement.

32        (c) **Other UCC provisions.**    Subsection (b) of this section is  
33 subject to RCW 62A.4-210 on the security interest of a collecting bank,  
34 RCW 62A.5-118 on the security interest of a letter-of-credit issuer or  
35 nominated person, RCW 62A.9A-110 on a security interest arising under  
36 Article 2 or 2A, and RCW 62A.9A-206 on security interests in investment  
37 property.

1 (d) **When person becomes bound by another person's security**  
2 **agreement.** A person becomes bound as debtor by a security agreement  
3 entered into by another person if, by operation of law other than this  
4 Article or by contract:

5 (1) The security agreement becomes effective to create a security  
6 interest in the person's property; or

7 (2) The person becomes generally obligated for the obligations of  
8 the other person, including the obligation secured under the security  
9 agreement, and acquires or succeeds to all or substantially all of the  
10 assets of the other person.

11 (e) **Effect of new debtor becoming bound.** If a new debtor becomes  
12 bound as debtor by a security agreement entered into by another person:

13 (1) The agreement satisfies subsection (b)(3) of this section with  
14 respect to existing or after-acquired property of the new debtor to the  
15 extent the property is described in the agreement; and

16 (2) Another agreement is not necessary to make a security interest  
17 in the property enforceable.

18 (f) **Proceeds and supporting obligations.** The attachment of a  
19 security interest in collateral gives the secured party the rights to  
20 proceeds provided by RCW 62A.9A-315 and is also attachment of a  
21 security interest in a supporting obligation for the collateral.

22 (g) **Lien securing right to payment.** The attachment of a security  
23 interest in a right to payment or performance secured by a security  
24 interest or other lien on personal or real property is also attachment  
25 of a security interest in the security interest, mortgage, or other  
26 lien.

27 (h) **Security entitlement carried in securities account.** The  
28 attachment of a security interest in a securities account is also  
29 attachment of a security interest in the security entitlements carried  
30 in the securities account.

31 (i) **Commodity contracts carried in commodity account.** The  
32 attachment of a security interest in a commodity account is also  
33 attachment of a security interest in the commodity contracts carried in  
34 the commodity account.

35 NEW SECTION. **Sec. 9A-204.** AFTER-ACQUIRED PROPERTY; FUTURE  
36 ADVANCES. (a) **After-acquired collateral.** Except as otherwise provided  
37 in subsection (b) of this section, a security agreement may create or  
38 provide for a security interest in after-acquired collateral.



1 (b) **When after-acquired property clause not effective.** A security  
2 interest does not attach, under a term constituting an after-acquired  
3 property clause, to:

4 (1) Consumer goods, other than an accession when given as  
5 additional security, unless the debtor acquires rights in them within  
6 ten days after the secured party gives value; or

7 (2) A commercial tort claim.

8 (c) **Future advances and other value.** A security agreement may  
9 provide that collateral secures, or that accounts, chattel paper,  
10 payment intangibles, or promissory notes are sold in connection with,  
11 future advances or other value, whether or not the advances or value  
12 are given pursuant to commitment.

13 NEW SECTION. **Sec. 9A-205.** USE OR DISPOSITION OF COLLATERAL  
14 PERMISSIBLE. (a) **When security interest not invalid or fraudulent.** A  
15 security interest is not invalid or fraudulent against creditors solely  
16 because:

17 (1) The debtor has the right or ability to:

18 (A) Use, commingle, or dispose of all or part of the collateral,  
19 including returned or repossessed goods;

20 (B) Collect, compromise, enforce, or otherwise deal with  
21 collateral;

22 (C) Accept the return of collateral or make repossessions; or

23 (D) Use, commingle, or dispose of proceeds; or

24 (2) The secured party fails to require the debtor to account for  
25 proceeds or replace collateral.

26 (b) **Requirements of possession not relaxed.** This section does not  
27 relax the requirements of possession if attachment, perfection, or  
28 enforcement of a security interest depends upon possession of the  
29 collateral by the secured party.

30 NEW SECTION. **Sec. 9A-206.** SECURITY INTEREST ARISING IN PURCHASE  
31 OR DELIVERY OF FINANCIAL ASSET. (a) **Security interest when person buys  
32 through securities intermediary.** A security interest in favor of a  
33 securities intermediary attaches to a person's security entitlement if:

34 (1) The person buys a financial asset through the securities  
35 intermediary in a transaction in which the person is obligated to pay  
36 the purchase price to the securities intermediary at the time of the  
37 purchase; and

1 (2) The securities intermediary credits the financial asset to the  
2 buyer's securities account before the buyer pays the securities  
3 intermediary.

4 (b) **Security interest secures obligation to pay for financial**  
5 **asset.** The security interest described in subsection (a) of this  
6 section secures the person's obligation to pay for the financial asset.

7 (c) **Security interest in payment against delivery transaction.** A  
8 security interest in favor of a person that delivers a certificated  
9 security or other financial asset represented by a writing attaches to  
10 the security or other financial asset if:

11 (1) The security or other financial asset:

12 (A) In the ordinary course of business, is transferred by delivery  
13 with any necessary indorsement or assignment; and

14 (B) Is delivered under an agreement between persons in the business  
15 of dealing with such securities or financial assets; and

16 (2) The agreement calls for delivery against payment.

17 (d) **Security interest secures obligation to pay for delivery.** The  
18 security interest described in subsection (c) of this section secures  
19 the obligation to make payment for the delivery.

20 NEW SECTION. **Sec. 9A-207.** RIGHTS AND DUTIES OF SECURED PARTY  
21 HAVING POSSESSION OR CONTROL OF COLLATERAL. (a) **Duty of care when**  
22 **secured party in possession.** Except as otherwise provided in  
23 subsection (d) of this section, a secured party shall use reasonable  
24 care in the custody and preservation of collateral in the secured  
25 party's possession. In the case of chattel paper or an instrument,  
26 reasonable care includes taking necessary steps to preserve rights  
27 against prior parties unless otherwise agreed.

28 (b) **Expenses, risks, duties, and rights when secured party in**  
29 **possession.** Except as otherwise provided in subsection (d) of this  
30 section, if a secured party has possession of collateral:

31 (1) Reasonable expenses, including the cost of insurance and  
32 payment of taxes or other charges, incurred in the custody,  
33 preservation, use, or operation of the collateral are chargeable to the  
34 debtor and are secured by the collateral;

35 (2) The risk of accidental loss or damage is on the debtor to the  
36 extent of a deficiency in any effective insurance coverage;

37 (3) The secured party shall keep the collateral identifiable, but  
38 fungible collateral may be commingled; and

1 (4) The secured party may use or operate the collateral:  
2 (A) For the purpose of preserving the collateral or its value;  
3 (B) As permitted by an order of a court having competent  
4 jurisdiction; or  
5 (C) Except in the case of consumer goods, in the manner and to the  
6 extent agreed by the debtor.

7 (c) **Duties and rights when secured party in possession or control.**  
8 Except as otherwise provided in subsection (d) of this section, a  
9 secured party having possession of collateral or control of collateral  
10 under RCW 62A.9A-104, 62A.9A-105, 62A.9A-106, or 62A.9A-107:

11 (1) May hold as additional security any proceeds, except money or  
12 funds, received from the collateral;

13 (2) Shall apply money or funds received from the collateral to  
14 reduce the secured obligation, unless remitted to the debtor; and

15 (3) May create a security interest in the collateral.

16 (d) **Buyer of certain rights to payment.** If the secured party is a  
17 buyer of accounts, chattel paper, payment intangibles, or promissory  
18 notes or a consignor:

19 (1) Subsection (a) of this section does not apply unless the  
20 secured party is entitled under an agreement:

21 (A) To charge back uncollected collateral; or

22 (B) Otherwise to full or limited recourse against the debtor or a  
23 secondary obligor based on the nonpayment or other default of an  
24 account debtor or other obligor on the collateral; and

25 (2) Subsections (b) and (c) of this section do not apply.

26 NEW SECTION. **Sec. 9A-208.** ADDITIONAL DUTIES OF SECURED PARTY  
27 HAVING CONTROL OF COLLATERAL. (a) **Applicability of section.** This  
28 section applies to cases in which there is no outstanding secured  
29 obligation and the secured party is not committed to make advances,  
30 incur obligations, or otherwise give value.

31 (b) **Duties of secured party after receiving demand from debtor.**  
32 Within ten days after receiving an authenticated demand by the debtor:

33 (1) A secured party having control of a deposit account under RCW  
34 62A.9A-104(a)(2) shall send to the bank with which the deposit account  
35 is maintained an authenticated statement that releases the bank from  
36 any further obligation to comply with instructions originated by the  
37 secured party;

1 (2) A secured party having control of a deposit account under RCW  
2 62A.9A-104(a)(3) shall:

3 (A) Pay the debtor the balance on deposit in the deposit account;  
4 or

5 (B) Transfer the balance on deposit into a deposit account in the  
6 debtor's name;

7 (3) A secured party, other than a buyer, having control of  
8 electronic chattel paper under RCW 62A.9A-105 shall:

9 (A) Communicate the authoritative copy of the electronic chattel  
10 paper to the debtor or its designated custodian;

11 (B) If the debtor designates a custodian that is the designated  
12 custodian with which the authoritative copy of the electronic chattel  
13 paper is maintained for the secured party, communicate to the custodian  
14 an authenticated record releasing the designated custodian from any  
15 further obligation to comply with instructions originated by the  
16 secured party and instructing the custodian to comply with instructions  
17 originated by the debtor; and

18 (C) Take appropriate action to enable the debtor or its designated  
19 custodian to make copies of or revisions to the authoritative copy  
20 which add or change an identified assignee of the authoritative copy  
21 without the consent of the secured party;

22 (4) A secured party having control of investment property under RCW  
23 62A.8-106(d)(2) or 62A.9A-106(b) shall send to the securities  
24 intermediary or commodity intermediary with which the security  
25 entitlement or commodity contract is maintained an authenticated record  
26 that releases the securities intermediary or commodity intermediary  
27 from any further obligation to comply with entitlement orders or  
28 directions originated by the secured party; and

29 (5) A secured party having control of a letter-of-credit right  
30 under RCW 62A.9A-107 shall send to each person having an unfulfilled  
31 obligation to pay or deliver proceeds of the letter of credit to the  
32 secured party an authenticated release from any further obligation to  
33 pay or deliver proceeds of the letter of credit to the secured party.

34 NEW SECTION. **Sec. 9A-209.** DUTIES OF SECURED PARTY IF ACCOUNT  
35 DEBTOR HAS BEEN NOTIFIED OF ASSIGNMENT. (a) **Applicability of section.**  
36 Except as otherwise provided in subsection (c) of this section, this  
37 section applies if:

38 (1) There is no outstanding secured obligation; and

1 (2) The secured party is not committed to make advances, incur  
2 obligations, or otherwise give value.

3 (b) **Duties of secured party after receiving demand from debtor.**  
4 Within ten days after receiving an authenticated demand by the debtor,  
5 a secured party shall send to an account debtor that has received  
6 notification of an assignment to the secured party as assignee under  
7 RCW 62A.9A-406(a) an authenticated record that releases the account  
8 debtor from any further obligation to the secured party.

9 (c) **Inapplicability to sales.** This section does not apply to an  
10 assignment constituting the sale of an account, chattel paper, or  
11 payment intangible.

12 NEW SECTION. **Sec. 9A-210.** REQUEST FOR ACCOUNTING; REQUEST  
13 REGARDING LIST OF COLLATERAL OR STATEMENT OF ACCOUNT. (a) **Definitions.**

14 In this section:

15 (1) "Request" means a record of a type described in (2), (3), or  
16 (4) of this subsection.

17 (2) "Request for an accounting" means a record authenticated by a  
18 debtor requesting that the recipient provide an accounting of the  
19 unpaid obligations secured by collateral and reasonably identifying the  
20 transaction or relationship that is the subject of the request.

21 (3) "Request regarding a list of collateral" means a record  
22 authenticated by a debtor requesting that the recipient approve or  
23 correct a list of what the debtor believes to be the collateral  
24 securing an obligation and reasonably identifying the transaction or  
25 relationship that is the subject of the request.

26 (4) "Request regarding a statement of account" means a record  
27 authenticated by a debtor requesting that the recipient approve or  
28 correct a statement indicating what the debtor believes to be the  
29 aggregate amount of unpaid obligations secured by collateral as of a  
30 specified date and reasonably identifying the transaction or  
31 relationship that is the subject of the request.

32 (b) **Duty to respond to requests.** Subject to subsections (c), (d),  
33 (e), and (f) of this section, a secured party, other than a buyer of  
34 accounts, chattel paper, payment intangibles, or promissory notes or a  
35 consignor, shall comply with a request within fourteen days after  
36 receipt:

37 (1) In the case of a request for an accounting, by authenticating  
38 and sending to the debtor an accounting; and

1 (2) In the case of a request regarding a list of collateral or a  
2 request regarding a statement of account, by authenticating and sending  
3 to the debtor an approval or correction.

4 (c) **Request regarding list of collateral; statement concerning type**  
5 **of collateral.** A secured party that claims a security interest in all  
6 of a particular type of collateral owned by the debtor may comply with  
7 a request regarding a list of collateral by sending to the debtor an  
8 authenticated record including a statement to that effect within  
9 fourteen days after receipt.

10 (d) **Request regarding list of collateral; no interest claimed.** A  
11 person that receives a request regarding a list of collateral, claims  
12 no interest in the collateral when it receives the request, and claimed  
13 an interest in the collateral at an earlier time shall comply with the  
14 request within fourteen days after receipt by sending to the debtor an  
15 authenticated record:

16 (1) Disclaiming any interest in the collateral; and

17 (2) If known to the recipient, providing the name and mailing  
18 address of any assignee of, or successor to, the recipient's interest  
19 in the collateral.

20 (e) **Request for accounting or regarding statement of account; no**  
21 **interest in obligation claimed.** A person that receives a request for  
22 an accounting or a request regarding a statement of account, claims no  
23 interest in the obligations when it receives the request, and claimed  
24 an interest in the obligations at an earlier time shall comply with the  
25 request within fourteen days after receipt by sending to the debtor an  
26 authenticated record:

27 (1) Disclaiming any interest in the obligations; and

28 (2) If known to the recipient, providing the name and mailing  
29 address of any assignee of, or successor to, the recipient's interest  
30 in the obligations.

31 (f) **Charges for responses.** A debtor is entitled without charge to  
32 one response to a request under this section during any six-month  
33 period. The secured party may require payment of a charge not  
34 exceeding twenty-five dollars for each additional response.

35 PART 3

36 PERFECTION AND PRIORITY

37 NEW SECTION. **Sec. 9A-301.** LAW GOVERNING PERFECTION AND PRIORITY  
38 OF SECURITY INTERESTS. Except as otherwise provided in RCW 62A.9A-303

1 through 62A.9A-306, the following rules determine the law governing  
2 perfection, the effect of perfection or nonperfection, and the priority  
3 of a security interest in collateral:

4 (1) Except as otherwise provided in this section, while a debtor is  
5 located in a jurisdiction, the local law of that jurisdiction governs  
6 perfection, the effect of perfection or nonperfection, and the priority  
7 of a security interest in collateral.

8 (2) While collateral is located in a jurisdiction, the local law of  
9 that jurisdiction governs perfection, the effect of perfection or  
10 nonperfection, and the priority of a possessory security interest in  
11 that collateral.

12 (3) Except as otherwise provided in (4) of this section, while  
13 negotiable documents, goods, instruments, money, or tangible chattel  
14 paper is located in a jurisdiction, the local law of that jurisdiction  
15 governs:

16 (A) Perfection of a security interest in the goods by filing a  
17 fixture filing;

18 (B) Perfection of a security interest in timber to be cut; and

19 (C) The effect of perfection or nonperfection and the priority of  
20 a nonpossessory security interest in the collateral.

21 (4) The local law of the jurisdiction in which the wellhead or  
22 minehead is located governs perfection, the effect of perfection or  
23 nonperfection, and the priority of a security interest in as-extracted  
24 collateral.

25 NEW SECTION. **Sec. 9A-302.** LAW GOVERNING PERFECTION AND PRIORITY  
26 OF AGRICULTURAL LIENS. While farm products are located in a  
27 jurisdiction, the local law of that jurisdiction governs perfection,  
28 the effect of perfection or nonperfection, and the priority of an  
29 agricultural lien on the farm products.

30 NEW SECTION. **Sec. 9A-303.** LAW GOVERNING PERFECTION AND PRIORITY  
31 OF SECURITY INTERESTS IN GOODS COVERED BY A CERTIFICATE OF TITLE. (a)  
32 **Applicability of section.** This section applies to goods covered by a  
33 certificate of title, even if there is no other relationship between  
34 the jurisdiction under whose certificate of title the goods are covered  
35 and the goods or the debtor.

36 (b) **When goods covered by certificate of title.** Goods become  
37 covered by a certificate of title when a valid application for the

1 certificate of title and the applicable fee are delivered to the  
2 appropriate authority. Goods cease to be covered by a certificate of  
3 title at the earlier of the time the certificate of title ceases to be  
4 effective under the law of the issuing jurisdiction or the time the  
5 goods become covered subsequently by a certificate of title issued by  
6 another jurisdiction.

7 (c) **Applicable law.** The local law of the jurisdiction under whose  
8 certificate of title the goods are covered governs perfection, the  
9 effect of perfection or nonperfection, and the priority of a security  
10 interest in goods covered by a certificate of title from the time the  
11 goods become covered by the certificate of title until the goods cease  
12 to be covered by the certificate of title.

13 NEW SECTION. **Sec. 9A-304.** LAW GOVERNING PERFECTION AND PRIORITY  
14 OF SECURITY INTERESTS IN DEPOSIT ACCOUNTS. (a) **Law of bank's**  
15 **jurisdiction governs.** The local law of a bank's jurisdiction governs  
16 perfection, the effect of perfection or nonperfection, and the priority  
17 of a security interest in a deposit account maintained with that bank.

18 (b) **Bank's jurisdiction.** The following rules determine a bank's  
19 jurisdiction for purposes of this part:

20 (1) If an agreement between the bank and the debtor governing the  
21 deposit account expressly provides that a particular jurisdiction is  
22 the bank's jurisdiction for purposes of this part, this Article, or the  
23 Uniform Commercial Code, that jurisdiction is the bank's jurisdiction.

24 (2) If (1) of this subsection does not apply and an agreement  
25 between the bank and its customer governing the deposit account  
26 expressly provides that the agreement is governed by the law of a  
27 particular jurisdiction, that jurisdiction is the bank's jurisdiction.

28 (3) If neither (1) nor (2) of this subsection applies and an  
29 agreement between the bank and its customer governing the deposit  
30 account expressly provides that the deposit account is maintained at an  
31 office in a particular jurisdiction, that jurisdiction is the bank's  
32 jurisdiction.

33 (4) If (1) through (3) of this subsection do not apply, the bank's  
34 jurisdiction is the jurisdiction in which the office identified in an  
35 account statement as the office serving the customer's account is  
36 located.



1 (5) If (1) through (4) of this subsection do not apply, the bank's  
2 jurisdiction is the jurisdiction in which the chief executive office of  
3 the bank is located.

4 NEW SECTION. **Sec. 9A-305.** LAW GOVERNING PERFECTION AND PRIORITY  
5 OF SECURITY INTERESTS IN INVESTMENT PROPERTY. (a) **Governing law:**  
6 **General rules.** Except as otherwise provided in subsection (c) of this  
7 section, the following rules apply:

8 (1) While a security certificate is located in a jurisdiction, the  
9 local law of that jurisdiction governs perfection, the effect of  
10 perfection or nonperfection, and the priority of a security interest in  
11 the certificated security represented thereby.

12 (2) The local law of the issuer's jurisdiction as specified in RCW  
13 62A.8-110(d) governs perfection, the effect of perfection or  
14 nonperfection, and the priority of a security interest in an  
15 uncertificated security.

16 (3) The local law of the securities intermediary's jurisdiction as  
17 specified in RCW 62A.8-110(e) governs perfection, the effect of  
18 perfection or nonperfection, and the priority of a security interest in  
19 a security entitlement or securities account.

20 (4) The local law of the commodity intermediary's jurisdiction  
21 governs perfection, the effect of perfection or nonperfection, and the  
22 priority of a security interest in a commodity contract or commodity  
23 account.

24 (b) **Commodity intermediary's jurisdiction.** The following rules  
25 determine a commodity intermediary's jurisdiction for purposes of this  
26 part:

27 (1) If an agreement between the commodity intermediary and  
28 commodity customer governing the commodity account expressly provides  
29 that a particular jurisdiction is the commodity intermediary's  
30 jurisdiction for purposes of this part, this Article, or the Uniform  
31 Commercial Code, that jurisdiction is the commodity intermediary's  
32 jurisdiction.

33 (2) If (1) of this subsection does not apply and an agreement  
34 between the commodity intermediary and commodity customer governing the  
35 commodity account expressly provides that the agreement is governed by  
36 the law of a particular jurisdiction, that jurisdiction is the  
37 commodity intermediary's jurisdiction.

1 (3) If neither (1) nor (2) of this subsection applies and an  
2 agreement between the commodity intermediary and commodity customer  
3 governing the commodity account expressly provides that the commodity  
4 account is maintained at an office in a particular jurisdiction, that  
5 jurisdiction is the commodity intermediary's jurisdiction.

6 (4) If (1) through (3) of this subsection do not apply, the  
7 commodity intermediary's jurisdiction is the jurisdiction in which the  
8 office identified in an account statement as the office serving the  
9 commodity customer's account is located.

10 (5) If (1) through (4) of this subsection do not apply, the  
11 commodity intermediary's jurisdiction is the jurisdiction in which the  
12 chief executive office of the commodity intermediary is located.

13 (c) **When perfection governed by law of jurisdiction where debtor**  
14 **located.** The local law of the jurisdiction in which the debtor is  
15 located governs:

16 (1) Perfection of a security interest in investment property by  
17 filing;

18 (2) Automatic perfection of a security interest in investment  
19 property created by a broker or securities intermediary; and

20 (3) Automatic perfection of a security interest in a commodity  
21 contract or commodity account created by a commodity intermediary.

22 NEW SECTION. **Sec. 9A-306.** LAW GOVERNING PERFECTION AND PRIORITY  
23 OF SECURITY INTERESTS IN LETTER-OF-CREDIT RIGHTS. (a) **Governing law:**  
24 **Issuers or nominated person's jurisdiction.** Subject to subsection (c)  
25 of this section, the local law of the issuer's jurisdiction or a  
26 nominated person's jurisdiction governs perfection, the effect of  
27 perfection or nonperfection, and the priority of a security interest in  
28 a letter-of-credit right if the issuer's jurisdiction or nominated  
29 person's jurisdiction is a state.

30 (b) **Issuer's or nominated person's jurisdiction.** For purposes of  
31 this part, an issuer's jurisdiction or nominated person's jurisdiction  
32 is the jurisdiction whose law governs the liability of the issuer or  
33 nominated person with respect to the letter-of-credit right as provided  
34 in RCW 62A.5-116.

35 (c) **When section not applicable.** This section does not apply to a  
36 security interest that is perfected only under RCW 62A.9A-308(d).

1        NEW SECTION.    **Sec. 9A-307.**    LOCATION OF DEBTOR.    (a) **"Place of**  
2 **business."**    In this section, "place of business" means a place where a  
3 debtor conducts its affairs.

4        (b) **Debtor's location:    General rules.**    Except as otherwise  
5 provided in this section, the following rules determine a debtor's  
6 location:

7        (1) A debtor who is an individual is located at the individual's  
8 principal residence.

9        (2) A debtor that is an organization and has only one place of  
10 business is located at its place of business.

11       (3) A debtor that is an organization and has more than one place of  
12 business is located at its chief executive office.

13       (c) **Limitation of applicability of subsection (b).**    Subsection (b)  
14 of this section applies only if a debtor's residence, place of  
15 business, or chief executive office, as applicable, is located in a  
16 jurisdiction whose law generally requires information concerning the  
17 existence of a nonpossessory security interest to be made generally  
18 available in a filing, recording, or registration system as a condition  
19 or result of the security interest's obtaining priority over the rights  
20 of a lien creditor with respect to the collateral.    If subsection (b)  
21 of this section does not apply, the debtor is located in the District  
22 of Columbia.

23       (d) **Continuation of location:    Cessation of existence, etc.**    A  
24 person that ceases to exist, have a residence, or have a place of  
25 business continues to be located in the jurisdiction specified by  
26 subsections (b) and (c) of this section.

27       (e) **Location of registered organization organized under state law.**  
28 A registered organization that is organized under the law of a state is  
29 located in that state.

30       (f) **Location of registered organization organized under federal**  
31 **law; bank branches and agencies.**    Except as otherwise provided in  
32 subsection (i) of this section, a registered organization that is  
33 organized under the law of the United States and a branch or agency of  
34 a bank that is not organized under the law of the United States or a  
35 state are located:

36       (1) In the state that the law of the United States designates, if  
37 the law designates a state of location;

38       (2) In the state that the registered organization, branch, or  
39 agency designates, if the law of the United States authorizes the

1 registered organization, branch, or agency to designate its state of  
2 location; or

3 (3) In the District of Columbia, if neither (1) nor (2) of this  
4 subsection applies.

5 (g) **Continuation of location: Change in status of registered**  
6 **organization.** A registered organization continues to be located in the  
7 jurisdiction specified by subsection (e) or (f) of this section  
8 notwithstanding:

9 (1) The suspension, revocation, forfeiture, or lapse of the  
10 registered organization's status as such in its jurisdiction of  
11 organization; or

12 (2) The dissolution, winding up, or cancellation of the existence  
13 of the registered organization.

14 (h) **Location of United States.** The United States is located in the  
15 District of Columbia.

16 (i) **Location of foreign bank branch or agency if licensed in only**  
17 **one state.** A branch or agency of a bank that is not organized under  
18 the law of the United States or a state is located in the state in  
19 which the branch or agency is licensed, if all branches and agencies of  
20 the bank are licensed in only one state.

21 (j) **Location of foreign air carrier.** A foreign air carrier under  
22 the Federal Aviation Act of 1958, as amended, is located at the  
23 designated office of the agent upon which service of process may be  
24 made on behalf of the carrier.

25 (k) **Section applies only to this part.** This section applies only  
26 for purposes of this part.

27 NEW SECTION. **Sec. 9A-308.** WHEN SECURITY INTEREST OR AGRICULTURAL  
28 LIEN IS PERFECTED; CONTINUITY OF PERFECTION. (a) **Perfection of**  
29 **security interest.** Except as otherwise provided in this section and  
30 RCW 62A.9A-309, a security interest is perfected if it has attached and  
31 all of the applicable requirements for perfection in RCW 62A.9A-310  
32 through 62A.9A-316 have been satisfied. A security interest is  
33 perfected when it attaches if the applicable requirements are satisfied  
34 before the security interest attaches.

35 (b) **Perfection of agricultural lien.** An agricultural lien is  
36 perfected if it has become effective and all of the applicable  
37 requirements for perfection in RCW 62A.9A-310 have been satisfied. An  
38 agricultural lien is perfected when it becomes effective if the

1 applicable requirements are satisfied before the agricultural lien  
2 becomes effective.

3 (c) **Continuous perfection; perfection by different methods.** A  
4 security interest or agricultural lien is perfected continuously if it  
5 is originally perfected by one method under this Article and is later  
6 perfected by another method under this Article, without an intermediate  
7 period when it was unperfected.

8 (d) **Supporting obligation.** Perfection of a security interest in  
9 collateral also perfects a security interest in a supporting obligation  
10 for the collateral.

11 (e) **Lien securing right to payment.** Perfection of a security  
12 interest in a right to payment or performance also perfects a security  
13 interest in a security interest, mortgage, or other lien on personal or  
14 real property securing the right.

15 (f) **Security entitlement carried in securities account.** Perfection  
16 of a security interest in a securities account also perfects a security  
17 interest in the security entitlements carried in the securities  
18 account.

19 (g) **Commodity contract carried in commodity account.** Perfection of  
20 a security interest in a commodity account also perfects a security  
21 interest in the commodity contracts carried in the commodity account.

22 NEW SECTION. **Sec. 9A-309.** SECURITY INTEREST PERFECTED UPON  
23 ATTACHMENT. The following security interests are perfected when they  
24 attach:

25 (1) A purchase-money security interest in consumer goods, except as  
26 otherwise provided in RCW 62A.9A-311(b) with respect to consumer goods  
27 that are subject to a statute or treaty described in RCW 62A.9A-311(a);

28 (2) An assignment of accounts or payment intangibles which does not  
29 by itself or in conjunction with other assignments to the same assignee  
30 transfer more than fifty thousand dollars, or ten percent of the total  
31 amount of the assignor's outstanding accounts and payment intangibles;

32 (3) A sale of a payment intangible;

33 (4) A sale of a promissory note;

34 (5) A security interest created by the assignment of a health-care-  
35 insurance receivable to the provider of the health-care goods or  
36 services;

- 1 (6) A security interest arising under RCW 62A.2-401, 62A.2-505,  
2 62A.2-711(3), or 62A.2A-508(5), until the debtor obtains possession of  
3 the collateral;
- 4 (7) A security interest of a collecting bank arising under RCW  
5 62A.4-210;
- 6 (8) A security interest of an issuer or nominated person arising  
7 under RCW 62A.5-118;
- 8 (9) A security interest arising in the delivery of a financial  
9 asset under RCW 62A.9A-206(c);
- 10 (10) A security interest in investment property created by a broker  
11 or securities intermediary;
- 12 (11) A security interest in a commodity contract or a commodity  
13 account created by a commodity intermediary;
- 14 (12) An assignment for the benefit of all creditors of the  
15 transferor and subsequent transfers by the assignee thereunder; and
- 16 (13) A security interest created by an assignment of a beneficial  
17 interest in a decedent's estate.

18 NEW SECTION. **Sec. 9A-310.** WHEN FILING REQUIRED TO PERFECT  
19 SECURITY INTEREST OR AGRICULTURAL LIEN; SECURITY INTERESTS AND  
20 AGRICULTURAL LIENS TO WHICH FILING PROVISIONS DO NOT APPLY. (a)  
21 **General rule: Perfection by filing.** Except as otherwise provided in  
22 subsection (b) of this section and RCW 62A.9A-312(b), a financing  
23 statement must be filed to perfect all security interests and  
24 agricultural liens.

25 (b) **Exceptions: Filing not necessary.** The filing of a financing  
26 statement is not necessary to perfect a security interest:

27 (1) That is perfected under RCW 62A.9A-308 (d), (e), (f), or (g);

28 (2) That is perfected under RCW 62A.9A-309 when it attaches;

29 (3) In property subject to a statute, regulation, or treaty  
30 described in RCW 62A.9A-311(a);

31 (4) In goods in possession of a bailee which is perfected under RCW  
32 62A.9A-312(d) (1) or (2);

33 (5) In certificated securities, documents, goods, or instruments  
34 which is perfected without filing or possession under RCW 62A.9A-312  
35 (e), (f), or (g);

36 (6) In collateral in the secured party's possession under RCW  
37 62A.9A-313;

1 (7) In a certificated security which is perfected by delivery of  
2 the security certificate to the secured party under RCW 62A.9A-313;

3 (8) In deposit accounts, electronic chattel paper, investment  
4 property, or letter-of-credit rights which is perfected by control  
5 under RCW 62A.9A-314;

6 (9) In proceeds which is perfected under RCW 62A.9A-315; or

7 (10) That is perfected under RCW 62A.9A-316.

8 (c) **Assignment of perfected security interest.** If a secured party  
9 assigns a perfected security interest or agricultural lien, a filing  
10 under this Article is not required to continue the perfected status of  
11 the security interest against creditors of and transferees from the  
12 original debtor.

13 NEW SECTION. **Sec. 9A-311.** PERFECTION OF SECURITY INTERESTS IN  
14 PROPERTY SUBJECT TO CERTAIN STATUTES, REGULATIONS, AND TREATIES. (a)  
15 **Security interest subject to other law.** Except as otherwise provided  
16 in subsection (d) of this section, the filing of a financing statement  
17 is not necessary or effective to perfect a security interest in  
18 property subject to:

19 (1) A statute, regulation, or treaty of the United States whose  
20 requirements for a security interest's obtaining priority over the  
21 rights of a lien creditor with respect to the property preempt RCW  
22 62A.9A-310(a);

23 (2) RCW 46.12.095 or 88.02.070, or chapter 65.12 RCW; or

24 (3) A certificate-of-title statute of another jurisdiction which  
25 provides for a security interest to be indicated on the certificate as  
26 a condition or result of the security interest's obtaining priority  
27 over the rights of a lien creditor with respect to the property.

28 (b) **Compliance with other law.** Compliance with the requirements of  
29 a statute, regulation, or treaty described in subsection (a) of this  
30 section for obtaining priority over the rights of a lien creditor is  
31 equivalent to the filing of a financing statement under this Article.  
32 Except as otherwise provided in subsection (d) of this section, RCW  
33 62A.9A-313, and 62A.9A-316 (d) and (e) for goods covered by a  
34 certificate of title, a security interest in property subject to a  
35 statute, regulation, or treaty described in subsection (a) of this  
36 section may be perfected only by compliance with those requirements,  
37 and a security interest so perfected remains perfected notwithstanding  
38 a change in the use or transfer of possession of the collateral.

1 (c) **Duration and renewal of perfection.** Except as otherwise  
2 provided in subsection (d) of this section and RCW 62A.9A-316 (d) and  
3 (e), duration and renewal of perfection of a security interest  
4 perfected by compliance with the requirements prescribed by a statute,  
5 regulation, or treaty described in subsection (a) of this section are  
6 governed by the statute, regulation, or treaty. In other respects, the  
7 security interest is subject to this Article.

8 (d) **Inapplicability to certain inventory.** During any period in  
9 which collateral is inventory held for sale or lease by a person or  
10 leased by that person as lessor and that person is in the business of  
11 selling or leasing goods of that kind, this section does not apply to  
12 a security interest in that collateral created by that person as  
13 debtor.

14 NEW SECTION. **Sec. 9A-312.** PERFECTION OF SECURITY INTERESTS IN  
15 CHATTEL PAPER, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS COVERED BY DOCUMENTS,  
16 INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY;  
17 PERFECTION BY PERMISSIVE FILING; TEMPORARY PERFECTION WITHOUT FILING OR  
18 TRANSFER OF POSSESSION. (a) **Perfection by filing permitted.** A  
19 security interest in chattel paper, negotiable documents, instruments,  
20 or investment property may be perfected by filing.

21 (b) **Control or possession of certain collateral.** Except as  
22 otherwise provided in RCW 62A.9A-315 (c) and (d) for proceeds:

23 (1) A security interest in a deposit account may be perfected only  
24 by control under RCW 62A.9A-314;

25 (2) And except as otherwise provided in RCW 62A.9A-308(d), a  
26 security interest in a letter-of-credit right may be perfected only by  
27 control under RCW 62A.9A-314; and

28 (3) A security interest in money may be perfected only by the  
29 secured party's taking possession under RCW 62A.9A-313.

30 (c) **Goods covered by negotiable document.** While goods are in the  
31 possession of a bailee that has issued a negotiable document covering  
32 the goods:

33 (1) A security interest in the goods may be perfected by perfecting  
34 a security interest in the document; and

35 (2) A security interest perfected in the document has priority over  
36 any security interest that becomes perfected in the goods by another  
37 method during that time.



1 (d) **Goods covered by nonnegotiable document.** While goods are in  
2 the possession of a bailee that has issued a nonnegotiable document  
3 covering the goods, a security interest in the goods may be perfected  
4 by:

5 (1) Issuance of a document in the name of the secured party;

6 (2) The bailee's receipt of notification of the secured party's  
7 interest; or

8 (3) Filing as to the goods.

9 (e) **Temporary perfection: New value.** A security interest in  
10 certificated securities, negotiable documents, or instruments is  
11 perfected without filing or the taking of possession for a period of  
12 twenty days from the time it attaches to the extent that it arises for  
13 new value given under an authenticated security agreement.

14 (f) **Temporary perfection: Goods or documents made available to  
15 debtor.** A perfected security interest in a negotiable document or  
16 goods in possession of a bailee, other than one that has issued a  
17 negotiable document for the goods, remains perfected for twenty days  
18 without filing if the secured party makes available to the debtor the  
19 goods or documents representing the goods for the purpose of:

20 (1) Ultimate sale or exchange; or

21 (2) Loading, unloading, storing, shipping, transshipping,  
22 manufacturing, processing, or otherwise dealing with them in a manner  
23 preliminary to their sale or exchange.

24 (g) **Temporary perfection: Delivery of security certificate or  
25 instrument to debtor.** A perfected security interest in a certificated  
26 security or instrument remains perfected for twenty days without filing  
27 if the secured party delivers the security certificate or instrument to  
28 the debtor for the purpose of:

29 (1) Ultimate sale or exchange; or

30 (2) Presentation, collection, enforcement, renewal, or registration  
31 of transfer.

32 (h) **Expiration of temporary perfection.** After the twenty-day  
33 period specified in subsection (e), (f), or (g) of this section  
34 expires, perfection depends upon compliance with this Article.

35 NEW SECTION. **Sec. 9A-313.** WHEN POSSESSION BY OR DELIVERY TO  
36 SECURED PARTY PERFECTS SECURITY INTEREST WITHOUT FILING. (a)  
37 **Perfection by possession or delivery.** Except as otherwise provided in  
38 subsection (b) of this section, a secured party may perfect a security

1 interest in negotiable documents, goods, instruments, money, or  
2 tangible chattel paper by taking possession of the collateral. A  
3 secured party may perfect a security interest in certificated  
4 securities by taking delivery of the certificated securities under RCW  
5 62A.8-301.

6 (b) **Goods covered by certificate of title.** With respect to goods  
7 covered by a certificate of title issued by this state, a secured party  
8 may perfect a security interest in the goods by taking possession of  
9 the goods only in the circumstances described in RCW 62A.9A-316(d).

10 (c) **Collateral in possession of person other than debtor.** With  
11 respect to collateral other than certificated securities and goods  
12 covered by a document, a secured party takes possession of collateral  
13 in the possession of a person other than the debtor, the secured party,  
14 or a lessee of the collateral from the debtor in the ordinary course of  
15 the debtor's business, when:

16 (1) The person in possession authenticates a record acknowledging  
17 that it holds possession of the collateral for the secured party's  
18 benefit; or

19 (2) The person takes possession of the collateral after having  
20 authenticated a record acknowledging that it will hold possession of  
21 collateral for the secured party's benefit.

22 (d) **Time of perfection by possession; continuation of perfection.**  
23 If perfection of a security interest depends upon possession of the  
24 collateral by a secured party, perfection occurs no earlier than the  
25 time the secured party takes possession and continues only while the  
26 secured party retains possession.

27 (e) **Time of perfection by delivery; continuation of perfection.** A  
28 security interest in a certificated security in registered form is  
29 perfected by delivery when delivery of the certificated security occurs  
30 under RCW 62A.8-301 and remains perfected by delivery until the debtor  
31 obtains possession of the security certificate.

32 (f) **Acknowledgment not required.** A person in possession of  
33 collateral is not required to acknowledge that it holds possession for  
34 a secured party's benefit.

35 (g) **Effectiveness of acknowledgment; no duties or confirmation.** If  
36 a person acknowledges that it holds possession for the secured party's  
37 benefit:

1 (1) The acknowledgment is effective under subsection (c) of this  
2 section or RCW 62A.8-301(a), even if the acknowledgment violates the  
3 rights of a debtor; and

4 (2) Unless the person otherwise agrees or law other than this  
5 Article otherwise provides, the person does not owe any duty to the  
6 secured party and is not required to confirm the acknowledgment to  
7 another person.

8 (h) **Secured party's delivery to person other than debtor.** A  
9 secured party having possession of collateral does not relinquish  
10 possession by delivering the collateral to a person other than the  
11 debtor or a lessee of the collateral from the debtor in the ordinary  
12 course of the debtor's business if the person was instructed before the  
13 delivery or is instructed contemporaneously with the delivery:

14 (1) To hold possession of the collateral for the secured party's  
15 benefit; or

16 (2) To redeliver the collateral to the secured party.

17 (i) **Effect of delivery under subsection (h); no duties or**  
18 **confirmation.** A secured party does not relinquish possession, even if  
19 a delivery under subsection (h) of this section violates the rights of  
20 a debtor. A person to which collateral is delivered under subsection  
21 (h) of this section does not owe any duty to the secured party and is  
22 not required to confirm the delivery to another person unless the  
23 person otherwise agrees or law other than this Article otherwise  
24 provides.

25 NEW SECTION. **Sec. 9A-314.** PERFECTION BY CONTROL. (a) **Perfection**  
26 **by control.** A security interest in investment property, deposit  
27 accounts, letter-of-credit rights, or electronic chattel paper may be  
28 perfected by control of the collateral under RCW 62A.9A-104,  
29 62A.9A-105, 62A.9A-106, or 62A.9A-107.

30 (b) **Specified collateral: Time of perfection by control;**  
31 **continuation of perfection.** A security interest in deposit accounts,  
32 electronic chattel paper, or letter-of-credit rights is perfected by  
33 control under RCW 62A.9A-104, 62A.9A-105, or 62A.9A-107 when the  
34 secured party obtains control and remains perfected by control only  
35 while the secured party retains control.

36 (c) **Investment property: Time of perfection by control;**  
37 **continuation of perfection.** A security interest in investment property

1 is perfected by control under RCW 62A.9A-106 from the time the secured  
2 party obtains control and remains perfected by control until:

3 (1) The secured party does not have control; and

4 (2) One of the following occurs:

5 (A) If the collateral is a certificated security, the debtor has or  
6 acquires possession of the security certificate;

7 (B) If the collateral is an uncertificated security, the issuer has  
8 registered or registers the debtor as the registered owner; or

9 (C) If the collateral is a security entitlement, the debtor is or  
10 becomes the entitlement holder.

11 NEW SECTION. **Sec. 9A-315.** SECURED PARTY'S RIGHTS ON DISPOSITION  
12 OF COLLATERAL AND IN PROCEEDS. (a) **Disposition of collateral:**

13 **Continuation of security interest or agricultural lien; proceeds.**

14 Except as otherwise provided in this Article and in RCW 62A.2-403(2):

15 (1) A security interest or agricultural lien continues in  
16 collateral notwithstanding sale, lease, license, exchange, or other  
17 disposition thereof unless the secured party authorized the disposition  
18 free of the security interest or agricultural lien; and

19 (2) A security interest attaches to any identifiable proceeds of  
20 collateral.

21 (b) **When commingled proceeds identifiable.** Proceeds that are  
22 commingled with other property are identifiable proceeds:

23 (1) If the proceeds are goods, to the extent provided by RCW  
24 62A.9A-336; and

25 (2) If the proceeds are not goods, to the extent that the secured  
26 party identifies the proceeds by a method of tracing, including  
27 application of equitable principles, that is permitted under law other  
28 than this Article with respect to commingled property of the type  
29 involved.

30 (c) **Perfection of security interest in proceeds.** A security  
31 interest in proceeds is a perfected security interest if the security  
32 interest in the original collateral was perfected.

33 (d) **Continuation of perfection.** A perfected security interest in  
34 proceeds becomes unperfected on the twenty-first day after the security  
35 interest attaches to the proceeds unless:

36 (1) The following conditions are satisfied:

37 (A) A filed financing statement covers the original collateral;

1 (B) The proceeds are collateral in which a security interest may be  
2 perfected by filing in the office in which the financing statement has  
3 been filed; and

4 (C) The proceeds are not acquired with cash proceeds;

5 (2) The proceeds are identifiable cash proceeds; or

6 (3) The security interest in the proceeds is perfected other than  
7 under subsection (c) of this section when the security interest  
8 attaches to the proceeds or within twenty days thereafter.

9 (e) **When perfected security interest in proceeds becomes**  
10 **unperfected.** If a filed financing statement covers the original  
11 collateral, a security interest in proceeds which remains perfected  
12 under subsection (d)(1) of this section becomes unperfected at the  
13 later of:

14 (1) When the effectiveness of the filed financing statement lapses  
15 under RCW 62A.9A-515 or is terminated under RCW 62A.9A-513; or

16 (2) The twenty-first day after the security interest attaches to  
17 the proceeds.

18 NEW SECTION. **Sec. 9A-316.** CONTINUED PERFECTION OF SECURITY  
19 INTEREST FOLLOWING CHANGE IN GOVERNING LAW. (a) **General rule: Effect**  
20 **on perfection of change in governing law.** A security interest  
21 perfected pursuant to the law of the jurisdiction designated in RCW  
22 62A.9A-301(1) or 62A.9A-305(c) remains perfected until the earliest of:

23 (1) The time perfection would have ceased under the law of that  
24 jurisdiction;

25 (2) The expiration of four months after a change of the debtor's  
26 location to another jurisdiction; or

27 (3) The expiration of one year after a transfer of collateral to a  
28 person that thereby becomes a debtor and is located in another  
29 jurisdiction.

30 (b) **Security interest perfected or unperfected under law of new**  
31 **jurisdiction.** If a security interest described in subsection (a) of  
32 this section becomes perfected under the law of the other jurisdiction  
33 before the earliest time or event described in subsection (a) of this  
34 section, it remains perfected thereafter. If the security interest  
35 does not become perfected under the law of the other jurisdiction  
36 before the earliest time or event, it becomes unperfected and is deemed  
37 never to have been perfected as against a purchaser of the collateral  
38 for value.

1 (c) **Possessory security interest in collateral moved to new**  
2 **jurisdiction.** A possessory security interest in collateral, other than  
3 goods covered by a certificate of title and as-extracted collateral  
4 consisting of goods, remains continuously perfected if:

5 (1) The collateral is located in one jurisdiction and subject to a  
6 security interest perfected under the law of that jurisdiction;

7 (2) Thereafter the collateral is brought into another jurisdiction;  
8 and

9 (3) Upon entry into the other jurisdiction, the security interest  
10 is perfected under the law of the other jurisdiction.

11 (d) **Goods covered by certificate of title from this state.** Except  
12 as otherwise provided in subsection (e) of this section, a security  
13 interest in goods covered by a certificate of title which is perfected  
14 by any method under the law of another jurisdiction when the goods  
15 become covered by a certificate of title from this state remains  
16 perfected until the security interest would have become unperfected  
17 under the law of the other jurisdiction had the goods not become so  
18 covered.

19 (e) **When subsection (d) security interest becomes unperfected**  
20 **against purchasers.** A security interest described in subsection (d) of  
21 this section becomes unperfected as against a purchaser of the goods  
22 for value and is deemed never to have been perfected as against a  
23 purchaser of the goods for value if the applicable requirements for  
24 perfection under RCW 62A.9A-311(b) or 62A.9A-313 are not satisfied  
25 before the earlier of:

26 (1) The time the security interest would have become unperfected  
27 under the law of the other jurisdiction had the goods not become  
28 covered by a certificate of title from this state; or

29 (2) The expiration of four months after the goods had become so  
30 covered.

31 (f) **Change in jurisdiction of bank, issuer, nominated person,**  
32 **securities intermediary, or commodity intermediary.** A security  
33 interest in deposit accounts, letter-of-credit rights, or investment  
34 property which is perfected under the law of the bank's jurisdiction,  
35 the issuer's jurisdiction, a nominated person's jurisdiction, the  
36 securities intermediary's jurisdiction, or the commodity intermediary's  
37 jurisdiction, as applicable, remains perfected until the earlier of:

38 (1) The time the security interest would have become unperfected  
39 under the law of that jurisdiction; or

1 (2) The expiration of four months after a change of the applicable  
2 jurisdiction to another jurisdiction.

3 (g) **Subsection (f) of this section security interest perfected or**  
4 **unperfected under law of new jurisdiction.** If a security interest  
5 described in subsection (f) of this section becomes perfected under the  
6 law of the other jurisdiction before the earlier of the time or the end  
7 of the period described in subsection (f) of this section, it remains  
8 perfected thereafter. If the security interest does not become  
9 perfected under the law of the other jurisdiction before the earlier of  
10 that time or the end of that period, it becomes unperfected and is  
11 deemed never to have been perfected as against a purchaser of the  
12 collateral for value.

13 NEW SECTION. **Sec. 9A-317.** INTERESTS THAT TAKE PRIORITY OVER OR  
14 TAKE FREE OF SECURITY INTEREST OR AGRICULTURAL LIEN. (a) **Conflicting**  
15 **security interests and rights of lien creditors.** A security interest  
16 or agricultural lien is subordinate to the rights of:

17 (1) A person entitled to priority under RCW 62A.9A-322; and

18 (2) Except as otherwise provided in subsection (e) of this section,  
19 a person that becomes a lien creditor before the earlier of the time  
20 the security interest or agricultural lien is perfected or a financing  
21 statement covering the collateral is filed.

22 (b) **Buyers that receive delivery.** Except as otherwise provided in  
23 subsection (e) of this section, a buyer, other than a secured party, of  
24 tangible chattel paper, documents, goods, instruments, or a security  
25 certificate takes free of a security interest or agricultural lien if  
26 the buyer gives value and receives delivery of the collateral without  
27 knowledge of the security interest or agricultural lien and before it  
28 is perfected.

29 (c) **Lessees that receive delivery.** Except as otherwise provided in  
30 subsection (e) of this section, a lessee of goods takes free of a  
31 security interest or agricultural lien if the lessee gives value and  
32 receives delivery of the collateral without knowledge of the security  
33 interest or agricultural lien and before it is perfected.

34 (d) **Licensees and buyers of certain collateral.** A licensee of a  
35 general intangible or a buyer, other than a secured party, of accounts,  
36 electronic chattel paper, general intangibles, or investment property  
37 other than a certificated security takes free of a security interest if

1 the licensee or buyer gives value without knowledge of the security  
2 interest and before it is perfected.

3 (e) **Purchase-money security interest.** Except as otherwise provided  
4 in RCW 62A.9A-320 and 62A.9A-321, if a person files a financing  
5 statement with respect to a purchase-money security interest before or  
6 within twenty days after the debtor receives delivery of the  
7 collateral, the security interest takes priority over the rights of a  
8 buyer, lessee, or lien creditor which arise between the time the  
9 security interest attaches and the time of filing.

10 NEW SECTION. **Sec. 9A-318.** NO INTEREST RETAINED IN RIGHT TO  
11 PAYMENT THAT IS SOLD; RIGHTS AND TITLE OF SELLER OF ACCOUNT OR CHATTEL  
12 PAPER WITH RESPECT TO CREDITORS AND PURCHASERS. (a) **Seller retains no**  
13 **interest.** A debtor that has sold an account, chattel paper, payment  
14 intangible, or promissory note does not retain a legal or equitable  
15 interest in the collateral sold.

16 (b) **Deemed rights of debtor if buyer's security interest**  
17 **unperfected.** For purposes of determining the rights of creditors of,  
18 and purchasers for value of an account or chattel paper from, a debtor  
19 that has sold an account or chattel paper, while the buyer's security  
20 interest is unperfected, the debtor is deemed to have rights and title  
21 to the account or chattel paper identical to those the debtor sold.

22 NEW SECTION. **Sec. 9A-319.** RIGHTS AND TITLE OF CONSIGNEE WITH  
23 RESPECT TO CREDITORS AND PURCHASERS. (a) **Consignee has consignor's**  
24 **rights.** Except as otherwise provided in subsection (b) of this  
25 section, for purposes of determining the rights of creditors of, and  
26 purchasers for value of goods from, a consignee, while the goods are in  
27 the possession of the consignee, the consignee is deemed to have rights  
28 and title to the goods identical to those the consignor had or had  
29 power to transfer.

30 (b) **Applicability of other law.** For purposes of determining the  
31 rights of a creditor of a consignee, law other than this Article  
32 determines the rights and title of a consignee while goods are in the  
33 consignee's possession if, under this part, a perfected security  
34 interest held by the consignor would have priority over the rights of  
35 the creditor.



1        NEW SECTION.    **Sec. 9A-320.**    BUYER OF GOODS.    (a) **Buyer in ordinary**  
2 **course of business.**    Except as otherwise provided in subsection (e) of  
3 this section, a buyer in ordinary course of business, other than a  
4 person buying farm products from a person engaged in farming  
5 operations, takes free of a security interest created by the buyer's  
6 seller, even if the security interest is perfected and the buyer knows  
7 of its existence.

8        (b) **Buyer of consumer goods.**    Except as otherwise provided in  
9 subsection (e) of this section, a buyer of goods from a person who used  
10 or bought the goods for use primarily for personal, family, or  
11 household purposes takes free of a security interest, even if  
12 perfected, if the buyer buys:

13        (1) Without knowledge of the security interest;

14        (2) For value;

15        (3) Primarily for the buyer's personal, family, or household  
16 purposes; and

17        (4) Before the filing of a financing statement covering the goods.

18        (c) **Effectiveness of filing for subsection (b) of this section.**    To  
19 the extent that it affects the priority of a security interest over a  
20 buyer of goods under subsection (b) of this section, the period of  
21 effectiveness of a filing made in the jurisdiction in which the seller  
22 is located is governed by RCW 62A.9A-316 (a) and (b).

23        (d) **Buyer in ordinary course of business at wellhead or minehead.**  
24 A buyer in ordinary course of business buying oil, gas, or other  
25 minerals at the wellhead or minehead or after extraction takes free of  
26 an interest arising out of an encumbrance.

27        (e) **Possessory security interest not affected.**    Subsections (a) and  
28 (b) of this section do not affect a security interest in goods in the  
29 possession of the secured party under RCW 62A.9A-313.

30        NEW SECTION.    **Sec. 9A-321.**    LICENSEE OF GENERAL INTANGIBLE AND  
31 LESSEE OF GOODS IN ORDINARY COURSE OF BUSINESS.    (a) **"Licensee in**  
32 **ordinary course of business."**    In this section, "licensee in ordinary  
33 course of business" means a person that becomes a licensee of a general  
34 intangible in good faith, without knowledge that the license violates  
35 the rights of another person in the general intangible, and in the  
36 ordinary course from a person in the business of licensing general  
37 intangibles of that kind.    A person becomes a licensee in the ordinary  
38 course if the license to the person comports with the usual or

1 customary practices in the kind of business in which the licensor is  
2 engaged or with the licensor's own usual or customary practices.

3 (b) **Rights of licensee in ordinary course of business.** A licensee  
4 in ordinary course of business takes its rights under a nonexclusive  
5 license free of a security interest in the general intangible created  
6 by the licensor, even if the security interest is perfected and the  
7 licensee knows of its existence.

8 (c) **Rights of lessee in ordinary course of business.** A lessee in  
9 ordinary course of business takes its leasehold interest free of a  
10 security interest in the goods created by the lessor, even if the  
11 security interest is perfected and the lessee knows of its existence.

12 NEW SECTION. **Sec. 9A-322.** PRIORITIES AMONG CONFLICTING SECURITY  
13 INTERESTS IN AND AGRICULTURAL LIENS ON SAME COLLATERAL. (a) **General**  
14 **priority rules.** Except as otherwise provided in this section, priority  
15 among conflicting security interests and agricultural liens in the same  
16 collateral is determined according to the following rules:

17 (1) Conflicting perfected security interests and agricultural liens  
18 rank according to priority in time of filing or perfection. Priority  
19 dates from the earlier of the time a filing covering the collateral is  
20 first made or the security interest or agricultural lien is first  
21 perfected, if there is no period thereafter when there is neither  
22 filing nor perfection.

23 (2) A perfected security interest or agricultural lien has priority  
24 over a conflicting unperfected security interest or agricultural lien.

25 (3) The first security interest or agricultural lien to attach or  
26 become effective has priority if conflicting security interests and  
27 agricultural liens are unperfected.

28 (b) **Time of perfection: Proceeds and supporting obligations.** For  
29 the purposes subsection (a)(1) of this section:

30 (1) The time of filing or perfection as to a security interest in  
31 collateral is also the time of filing or perfection as to a security  
32 interest in proceeds; and

33 (2) The time of filing or perfection as to a security interest in  
34 collateral supported by a supporting obligation is also the time of  
35 filing or perfection as to a security interest in the supporting  
36 obligation.

37 (c) **Special priority rules: Proceeds and supporting obligations.**  
38 Except as otherwise provided in subsection (f) of this section, a

1 security interest in collateral which qualifies for priority over a  
2 conflicting security interest under RCW 62A.9A-327, 62A.9A-328,  
3 62A.9A-329, 62A.9A-330, or 62A.9A-331 also has priority over a  
4 conflicting security interest in:

5 (1) Any supporting obligation for the collateral; and

6 (2) Proceeds of the collateral if:

7 (A) The security interest in proceeds is perfected;

8 (B) The proceeds are cash proceeds or of the same type as the  
9 collateral; and

10 (C) In the case of proceeds that are proceeds of proceeds, all  
11 intervening proceeds are cash proceeds, proceeds of the same type as  
12 the collateral, or an account relating to the collateral.

13 (d) **First-to-file priority rule for certain collateral.** Subject to  
14 subsection (e) of this section and except as otherwise provided in  
15 subsection (f) of this section, if a security interest in chattel  
16 paper, deposit accounts, negotiable documents, instruments, investment  
17 property, or letter-of-credit rights is perfected by a method other  
18 than filing, conflicting perfected security interests in proceeds of  
19 the collateral rank according to priority in time of filing.

20 (e) **Applicability of subsection (d) of this section.** Subsection  
21 (d) of this section applies only if the proceeds of the collateral are  
22 not cash proceeds, chattel paper, negotiable documents, instruments,  
23 investment property, or letter-of-credit rights.

24 (f) **Limitations on subsections (a) through (e) of this section.**  
25 Subsections (a) through (e) of this section are subject to:

26 (1) Subsection (g) of this section and the other provisions of this  
27 part;

28 (2) RCW 62A.4-210 with respect to a security interest of a  
29 collecting bank;

30 (3) RCW 62A.5-118 with respect to a security interest of an issuer  
31 or nominated person; and

32 (4) RCW 62A.9A-110 with respect to a security interest arising  
33 under Article 2 or 2A.

34 (g) **Priority under agricultural lien statute.** A perfected  
35 agricultural lien on collateral has priority over a conflicting  
36 security interest in or agricultural lien on the same collateral if the  
37 statute creating the agricultural lien so provides. Conflicts as to  
38 priority between and among security interests in crops and agricultural

1 liens subject to chapter 60.11 RCW are governed by the provisions of  
2 that chapter.

3 NEW SECTION. **Sec. 9A-323.** FUTURE ADVANCES. (a) **When priority**  
4 **based on time of advance.** Except as otherwise provided in subsection  
5 (c) of this section, for purposes of determining the priority of a  
6 perfected security interest under RCW 62A.9A-322(a)(1), perfection of  
7 the security interest dates from the time an advance is made to the  
8 extent that the security interest secures an advance that:

9 (1) Is made while the security interest is perfected only:

10 (A) Under RCW 62A.9A-309 when it attaches; or

11 (B) Temporarily under RCW 62A.9A-312 (e), (f), or (g); and

12 (2) Is not made pursuant to a commitment entered into before or  
13 while the security interest is perfected by a method other than under  
14 RCW 62A.9A-309 or 62A.9A-312 (e), (f), or (g).

15 (b) **Lien creditor.** Except as otherwise provided in subsection (c)  
16 of this section, a security interest is subordinate to the rights of a  
17 person that becomes a lien creditor to the extent that the security  
18 interest secures an advance made more than forty-five days after the  
19 person becomes a lien creditor unless the advance is made:

20 (1) Without knowledge of the lien; or

21 (2) Pursuant to a commitment entered into without knowledge of the  
22 lien.

23 (c) **Buyer of receivables.** Subsections (a) and (b) of this section  
24 do not apply to a security interest held by a secured party that is a  
25 buyer of accounts, chattel paper, payment intangibles, or promissory  
26 notes or a consignor.

27 (d) **Buyer of goods.** Except as otherwise provided in subsection (e)  
28 of this section, a buyer of goods other than a buyer in ordinary course  
29 of business takes free of a security interest to the extent that it  
30 secures advances made after the earlier of:

31 (1) The time the secured party acquires knowledge of the buyer's  
32 purchase; or

33 (2) Forty-five days after the purchase.

34 (e) **Advances made pursuant to commitment: Priority of buyer of**  
35 **goods.** Subsection (d) of this section does not apply if the advance is  
36 made pursuant to a commitment entered into without knowledge of the  
37 buyer's purchase and before the expiration of the forty-five day  
38 period.

1 (f) **Lessee of goods.** Except as otherwise provided in subsection  
2 (g) of this section, a lessee of goods, other than a lessee in ordinary  
3 course of business, takes the leasehold interest free of a security  
4 interest to the extent that it secures advances made after the earlier  
5 of:

6 (1) The time the secured party acquires knowledge of the lease; or

7 (2) Forty-five days after the lease contract becomes enforceable.

8 (g) **Advances made pursuant to commitment: Priority of lessee of**  
9 **goods.** Subsection (f) of this section does not apply if the advance is  
10 made pursuant to a commitment entered into without knowledge of the  
11 lease and before the expiration of the forty-five day period.

12 NEW SECTION. **Sec. 9A-324.** PRIORITY OF PURCHASE-MONEY SECURITY

13 INTERESTS. (a) **General rule: Purchase-money priority.** Except as  
14 otherwise provided in subsection (g) of this section, a perfected  
15 purchase-money security interest in goods other than inventory or  
16 livestock has priority over a conflicting security interest in the same  
17 goods, and, except as otherwise provided in RCW 62A.9A-327, a perfected  
18 security interest in its identifiable proceeds also has priority, if  
19 the purchase-money security interest is perfected when the debtor  
20 receives possession of the collateral or within twenty days thereafter.

21 (b) **Inventory purchase-money priority.** Subject to subsection (c)  
22 of this section and except as otherwise provided in subsection (g) of  
23 this section, a perfected purchase-money security interest in inventory  
24 has priority over a conflicting security interest in the same  
25 inventory, has priority over a conflicting security interest in chattel  
26 paper or an instrument constituting proceeds of the inventory and in  
27 proceeds of the chattel paper, if so provided in RCW 62A.9A-330, and,  
28 except as otherwise provided in RCW 62A.9A-327, also has priority in  
29 identifiable cash proceeds of the inventory to the extent the  
30 identifiable cash proceeds are received on or before the delivery of  
31 the inventory to a buyer, if:

32 (1) The purchase-money security interest is perfected when the  
33 debtor receives possession of the inventory;

34 (2) The purchase-money secured party sends an authenticated  
35 notification to the holder of the conflicting security interest;

36 (3) The holder of the conflicting security interest receives the  
37 notification within five years before the debtor receives possession of  
38 the inventory; and

1 (4) The notification states that the person sending the  
2 notification has or expects to acquire a purchase-money security  
3 interest in inventory of the debtor and describes the inventory.

4 (c)  **Holders of conflicting inventory security interests to be  
5 notified.** Subsections (b)(2) through (4) of this section apply only if  
6 the holder of the conflicting security interest had filed a financing  
7 statement covering the same types of inventory:

8 (1) If the purchase-money security interest is perfected by filing,  
9 before the date of the filing; or

10 (2) If the purchase-money security interest is temporarily  
11 perfected without filing or possession under RCW 62A.9A-312(f), before  
12 the beginning of the twenty-day period thereunder.

13 (d)  **Livestock purchase-money priority.** Subject to subsection (e)  
14 of this section and except as otherwise provided in subsection (g) of  
15 this section, a perfected purchase-money security interest in livestock  
16 that are farm products has priority over a conflicting security  
17 interest in the same livestock, and, except as otherwise provided in  
18 RCW 62A.9A-327, a perfected security interest in their identifiable  
19 proceeds and identifiable products in their unmanufactured states also  
20 has priority, if:

21 (1) The purchase-money security interest is perfected when the  
22 debtor receives possession of the livestock;

23 (2) The purchase-money secured party sends an authenticated  
24 notification to the holder of the conflicting security interest;

25 (3) The holder of the conflicting security interest receives the  
26 notification within six months before the debtor receives possession of  
27 the livestock; and

28 (4) The notification states that the person sending the  
29 notification has or expects to acquire a purchase-money security  
30 interest in livestock of the debtor and describes the livestock.

31 (e)  **Holders of conflicting livestock security interests to be  
32 notified.** Subsections (d)(2) through (4) of this section apply only if  
33 the holder of the conflicting security interest had filed a financing  
34 statement covering the same types of livestock:

35 (1) If the purchase-money security interest is perfected by filing,  
36 before the date of the filing; or

37 (2) If the purchase-money security interest is temporarily  
38 perfected without filing or possession under RCW 62A.9A-312(f), before  
39 the beginning of the twenty-day period thereunder.

1 (f) **Software purchase-money priority.** Except as otherwise provided  
2 in subsection (g) of this section, a perfected purchase-money security  
3 interest in software has priority over a conflicting security interest  
4 in the same collateral, and, except as otherwise provided in RCW  
5 62A.9A-327, a perfected security interest in its identifiable proceeds  
6 also has priority, to the extent that the purchase-money security  
7 interest in the goods in which the software was acquired for use has  
8 priority in the goods and proceeds of the goods under this section.

9 (g) **Conflicting purchase-money security interests.** If more than  
10 one security interest qualifies for priority in the same collateral  
11 under subsection (a), (b), (d), or (f) of this section:

12 (1) A security interest securing an obligation incurred as all or  
13 part of the price of the collateral has priority over a security  
14 interest securing an obligation incurred for value given to enable the  
15 debtor to acquire rights in or the use of collateral; and

16 (2) In all other cases, RCW 62A.9A-322(a) applies to the qualifying  
17 security interests.

18 NEW SECTION. **Sec. 9A-325.** PRIORITY OF SECURITY INTERESTS IN  
19 TRANSFERRED COLLATERAL. (a) **Subordination of security interest in**  
20 **transferred collateral.** Except as otherwise provided in subsection (b)  
21 of this section, a security interest created by a debtor is subordinate  
22 to a security interest in the same collateral created by another person  
23 if:

24 (1) The debtor acquired the collateral subject to the security  
25 interest created by the other person;

26 (2) The security interest created by the other person was perfected  
27 when the debtor acquired the collateral; and

28 (3) There is no period thereafter when the security interest is  
29 unperfected.

30 (b) **Limitation of subsection (a) of this section subordination.**  
31 Subsection (a) of this section subordinates a security interest only if  
32 the security interest:

33 (1) Otherwise would have priority solely under RCW 62A.9A-322(a) or  
34 62A.9A-324; or

35 (2) Arose solely under RCW 62A.2-711(3) or 62A.2A-508(5).

36 NEW SECTION. **Sec. 9A-326.** PRIORITY OF SECURITY INTERESTS CREATED  
37 BY NEW DEBTOR. (a) **Subordination of security interest created by new**

1 **debtor.** Subject to subsection (b) of this section, a security interest  
2 created by a new debtor which is perfected by a filed financing  
3 statement that is effective solely under RCW 62A.9A-508 in collateral  
4 in which a new debtor has or acquires rights is subordinate to a  
5 security interest in the same collateral which is perfected other than  
6 by a filed financing statement that is effective solely under RCW  
7 62A.9A-508.

8 (b) **Priority under other provisions; multiple original debtors.**  
9 The other provisions of this part determine the priority among  
10 conflicting security interests in the same collateral perfected by  
11 filed financing statements that are effective solely under RCW  
12 62A.9A-508. However, if the security agreements to which a new debtor  
13 became bound as debtor were not entered into by the same original  
14 debtor, the conflicting security interests rank according to priority  
15 in time of the new debtor's having become bound.

16 NEW SECTION. **Sec. 9A-327.** PRIORITY OF SECURITY INTERESTS IN  
17 DEPOSIT ACCOUNT. The following rules govern priority among conflicting  
18 security interests in the same deposit account:

19 (1) A security interest held by a secured party having control of  
20 the deposit account under RCW 62A.9A-104 has priority over a  
21 conflicting security interest held by a secured party that does not  
22 have control.

23 (2) Except as otherwise provided in (3) and (4) of this section,  
24 security interests perfected by control under RCW 62A.9A-314 rank  
25 according to priority in time of obtaining control.

26 (3) Except as otherwise provided in (4) of this section, a security  
27 interest held by the bank with which the deposit account is maintained  
28 has priority over a conflicting security interest held by another  
29 secured party.

30 (4) A security interest perfected by control under RCW  
31 62A.9A-104(a)(3) has priority over a security interest held by the bank  
32 with which the deposit account is maintained.

33 NEW SECTION. **Sec. 9A-328.** PRIORITY OF SECURITY INTERESTS IN  
34 INVESTMENT PROPERTY. The following rules govern priority among  
35 conflicting security interests in the same investment property:

36 (1) A security interest held by a secured party having control of  
37 investment property under RCW 62A.9A-106 has priority over a security



1 interest held by a secured party that does not have control of the  
2 investment property.

3 (2) Except as otherwise provided in (3) and (4) of this section,  
4 conflicting security interests held by secured parties each of which  
5 has control under RCW 62A.9A-106 rank according to priority in time of:

6 (A) If the collateral is a security, obtaining control;

7 (B) If the collateral is a security entitlement carried in a  
8 securities account and:

9 (i) If the secured party obtained control under RCW  
10 62A.8-106(d)(1), the secured party's becoming the person for which the  
11 securities account is maintained;

12 (ii) If the secured party obtained control under RCW  
13 62A.8-106(d)(2), the securities intermediary's agreement to comply with  
14 the secured party's entitlement orders with respect to security  
15 entitlements carried or to be carried in the securities account; or

16 (iii) If the secured party obtained control through another person  
17 under RCW 62A.8-106(d)(3), the time on which priority would be based  
18 under this paragraph if the other person were the secured party; or

19 (C) If the collateral is a commodity contract carried with a  
20 commodity intermediary, the satisfaction of the requirement for control  
21 specified in RCW 62A.9A-106(b)(2) with respect to commodity contracts  
22 carried or to be carried with the commodity intermediary.

23 (3) A security interest held by a securities intermediary in a  
24 security entitlement or a securities account maintained with the  
25 securities intermediary has priority over a conflicting security  
26 interest held by another secured party.

27 (4) A security interest held by a commodity intermediary in a  
28 commodity contract or a commodity account maintained with the commodity  
29 intermediary has priority over a conflicting security interest held by  
30 another secured party.

31 (5) A security interest in a certificated security in registered  
32 form which is perfected by taking delivery under RCW 62A.9A-313(a) and  
33 not by control under RCW 62A.9A-314 has priority over a conflicting  
34 security interest perfected by a method other than control.

35 (6) Conflicting security interests created by a broker, securities  
36 intermediary, or commodity intermediary which are perfected without  
37 control under RCW 62A.9A-106 rank equally.

1 (7) In all other cases, priority among conflicting security  
2 interests in investment property is governed by RCW 62A.9A-322 and  
3 62A.9A-323.

4 NEW SECTION. **Sec. 9A-329.** PRIORITY OF SECURITY INTERESTS IN  
5 LETTER-OF-CREDIT RIGHT. The following rules govern priority among  
6 conflicting security interests in the same letter-of-credit right:

7 (1) A security interest held by a secured party having control of  
8 the letter-of-credit right under RCW 62A.9A-107 has priority to the  
9 extent of its control over a conflicting security interest held by a  
10 secured party that does not have control.

11 (2) Security interests perfected by control under RCW 62A.9A-314  
12 rank according to priority in time of obtaining control.

13 NEW SECTION. **Sec. 9A-330.** PRIORITY OF PURCHASER OF CHATTEL PAPER  
14 OR INSTRUMENT. (a) **Purchaser's priority: Security interest claimed**  
15 **merely as proceeds.** A purchaser of chattel paper has priority over a  
16 security interest in the chattel paper which is claimed merely as  
17 proceeds of inventory subject to a security interest if:

18 (1) In good faith and in the ordinary course of the purchaser's  
19 business, the purchaser gives new value and takes possession of the  
20 chattel paper or obtains control of the chattel paper under RCW  
21 62A.9A-105; and

22 (2) The chattel paper does not indicate that it has been assigned  
23 to an identified assignee other than the purchaser.

24 (b) **Purchaser's priority: Other security interests.** A purchaser  
25 of chattel paper has priority over a security interest in the chattel  
26 paper which is claimed other than merely as proceeds of inventory  
27 subject to a security interest if the purchaser gives new value and  
28 takes possession of the chattel paper or obtains control of the chattel  
29 paper under RCW 62A.9A-105 in good faith, in the ordinary course of the  
30 purchaser's business, and without knowledge that the purchase violates  
31 the rights of the secured party.

32 (c) **Chattel paper purchaser's priority in proceeds.** Except as  
33 otherwise provided in RCW 62A.9A-327, a purchaser having priority in  
34 chattel paper under subsection (a) or (b) of this section also has  
35 priority in proceeds of the chattel paper to the extent that:

36 (1) RCW 62A.9A-322 provides for priority in the proceeds; or

1 (2) The proceeds consist of the specific goods covered by the  
2 chattel paper or cash proceeds of the specific goods, even if the  
3 purchaser's security interest in the proceeds is unperfected.

4 (d) **Instrument purchaser's priority.** Except as otherwise provided  
5 in RCW 62A.9A-331(a), a purchaser of an instrument has priority over a  
6 security interest in the instrument perfected by a method other than  
7 possession if the purchaser gives value and takes possession of the  
8 instrument in good faith and without knowledge that the purchase  
9 violates the rights of the secured party.

10 (e) **Holder of purchase-money security interest gives new value.**  
11 For purposes of subsections (a) and (b) of this section, the holder of  
12 a purchase-money security interest in inventory gives new value for  
13 chattel paper constituting proceeds of the inventory.

14 (f) **Indication of assignment gives knowledge.** For purposes of  
15 subsections (b) and (d) of this section, if chattel paper or an  
16 instrument indicates that it has been assigned to an identified secured  
17 party other than the purchaser, a purchaser of the chattel paper or  
18 instrument has knowledge that the purchase violates the rights of the  
19 secured party.

20 NEW SECTION. **Sec. 9A-331.** PRIORITY OF RIGHTS OF PURCHASERS OF  
21 INSTRUMENTS, DOCUMENTS, AND SECURITIES UNDER OTHER ARTICLES; PRIORITY  
22 OF INTERESTS IN FINANCIAL ASSETS AND SECURITY ENTITLEMENTS UNDER  
23 ARTICLE 8. (a) **Rights under Articles 3, 7, and 8 not limited.** This  
24 Article does not limit the rights of a holder in due course of a  
25 negotiable instrument, a holder to which a negotiable document of title  
26 has been duly negotiated, or a protected purchaser of a security.  
27 These holders or purchasers take priority over an earlier security  
28 interest, even if perfected, to the extent provided in Articles 3, 7,  
29 and 8.

30 (b) **Protection under Article 8.** This Article does not limit the  
31 rights of or impose liability on a person to the extent that the person  
32 is protected against the assertion of an adverse claim under Article 8.

33 (c) **Filing not notice.** Filing under this Article does not  
34 constitute notice of a claim or defense to the holders, or purchasers,  
35 or persons described in subsections (a) and (b) of this section.

36 NEW SECTION. **Sec. 9A-332.** TRANSFER OF MONEY; TRANSFER OF FUNDS  
37 FROM DEPOSIT ACCOUNT. (a) **Transferee of money.** A transferee of money

1 takes the money free of a security interest unless the transferee acts  
2 in collusion with the debtor in violating the rights of the secured  
3 party.

4 (b) **Transferee of funds from deposit account.** A transferee of  
5 funds from a deposit account takes the funds free of a security  
6 interest in the deposit account unless the transferee acts in collusion  
7 with the debtor in violating the rights of the secured party.

8 NEW SECTION. **Sec. 9A-333.** PRIORITY OF CERTAIN LIENS ARISING BY  
9 OPERATION OF LAW. (a) **"Possessory lien."** In this section, "possessory  
10 lien" means an interest, other than a security interest or an  
11 agricultural lien:

12 (1) Which secures payment or performance of an obligation for  
13 services or materials furnished with respect to goods by a person in  
14 the ordinary course of the person's business;

15 (2) Which is created by statute or rule of law in favor of the  
16 person; and

17 (3) Whose effectiveness depends on the person's possession of the  
18 goods.

19 (b) **Priority of possessory lien.** A possessory lien on goods has  
20 priority over a security interest in the goods only if the lien is  
21 created by a statute that expressly provides otherwise.

22 NEW SECTION. **Sec. 9A-334.** PRIORITY OF SECURITY INTERESTS IN  
23 FIXTURES AND CROPS. (a) **Security interest in fixtures under this**  
24 **Article.** A security interest under this Article may be created in  
25 goods that are fixtures or may continue in goods that become fixtures.  
26 A security interest does not exist under this Article in ordinary  
27 building materials incorporated into an improvement on land.

28 (b) **Security interest in fixtures under real-property law.** This  
29 Article does not prevent creation of an encumbrance upon fixtures under  
30 real property law.

31 (c) **General rule: Subordination of security interest in fixtures.**  
32 In cases not governed by subsections (d) through (h) of this section,  
33 a security interest in fixtures is subordinate to a conflicting  
34 interest of an encumbrancer or owner of the related real property other  
35 than the debtor.

36 (d) **Fixtures purchase-money priority.** Except as otherwise provided  
37 in subsection (h) of this section, a perfected security interest in

1 fixtures has priority over a conflicting interest of an encumbrancer or  
2 owner of the real property if the debtor has an interest of record in,  
3 or is in possession of, the real property and:

4 (1) The security interest is a purchase-money security interest;

5 (2) The interest of the encumbrancer or owner arises before the  
6 goods become fixtures; and

7 (3) The security interest is perfected by a fixture filing before  
8 the goods become fixtures or within twenty days thereafter.

9 (e) **Priority of security interest in fixtures over interests in**  
10 **real property.** A perfected security interest in fixtures has priority  
11 over a conflicting interest of an encumbrancer or owner of the real  
12 property if:

13 (1) The debtor has an interest of record in the real property or is  
14 in possession of the real property and the security interest:

15 (A) Is perfected by a fixture filing before the interest of the  
16 encumbrancer or owner is of record; and

17 (B) Has priority over any conflicting interest of a predecessor in  
18 title of the encumbrancer or owner;

19 (2) Before the goods become fixtures, the security interest is  
20 perfected by any method permitted by this Article and the fixtures are  
21 readily removable:

22 (A) Factory or office machines;

23 (B) Equipment that is not primarily used or leased for use in the  
24 operation of the real property; or

25 (C) Replacements of domestic appliances that are consumer goods; or

26 (3) The conflicting interest is a lien on the real property  
27 obtained by legal or equitable proceedings after the security interest  
28 was perfected by any method permitted by this Article.

29 (f) **Priority based on consent, disclaimer, or right to remove.** A  
30 security interest in fixtures, whether or not perfected, has priority  
31 over a conflicting interest of an encumbrancer or owner of the real  
32 property if:

33 (1) The encumbrancer or owner has, in an authenticated record,  
34 consented to the security interest or disclaimed an interest in the  
35 goods as fixtures; or

36 (2) The debtor has a right to remove the goods as against the  
37 encumbrancer or owner.

38 (g) **Continuation of subsection (f) priority.** The priority of the  
39 security interest under subsection (f) of this section continues for a

1 reasonable time if the debtor's right to remove the goods as against  
2 the encumbrancer or owner terminates.

3       (h) **Priority of construction mortgage.** A mortgage is a  
4 construction mortgage to the extent that it secures an obligation  
5 incurred for the construction of an improvement on land, including the  
6 acquisition cost of the land, if a recorded record of the mortgage so  
7 indicates. Except as otherwise provided in subsections (e) and (f) of  
8 this section, a security interest in fixtures is subordinate to a  
9 construction mortgage if a record of the mortgage is recorded before  
10 the goods become fixtures and the goods become fixtures before the  
11 completion of the construction. A mortgage has this priority to the  
12 same extent as a construction mortgage to the extent that it is given  
13 to refinance a construction mortgage.

14       (i) **Priority of security interest in crops.** A perfected security  
15 interest in crops growing on real property has priority over a  
16 conflicting interest of an encumbrancer or owner of the real property  
17 if the debtor has an interest of record in or is in possession of the  
18 real property.

19       (j) **Subsection (i) prevails.** Subsection (i) of this section  
20 prevails over inconsistent provisions of any other statute except RCW  
21 60.11.050.

22       NEW SECTION. **Sec. 9A-335. ACCESSIONS.** (a) **Creation of security**  
23 **interest in accession.** A security interest may be created in an  
24 accession and continues in collateral that becomes an accession.

25       (b) **Perfection of security interest.** If a security interest is  
26 perfected when the collateral becomes an accession, the security  
27 interest remains perfected in the collateral.

28       (c) **Priority of security interest.** Except as otherwise provided in  
29 subsection (d) of this section, the other provisions of this part  
30 determine the priority of a security interest in an accession.

31       (d) **Compliance with certificate-of-title statute.** A security  
32 interest in an accession is subordinate to a security interest in the  
33 whole which is perfected by compliance with the requirements of a  
34 certificate-of-title statute under RCW 62A.9A-311(b).

35       (e) **Removal of accession after default.** After default, subject to  
36 Part 6 of this Article, a secured party may remove an accession from  
37 other goods if the security interest in the accession has priority over  
38 the claims of every person having an interest in the whole.

1       (f) **Reimbursement following removal.** A secured party that removes  
2 an accession from other goods under subsection (e) of this section  
3 shall promptly reimburse any holder of a security interest or other  
4 lien on, or owner of, the whole or of the other goods, other than the  
5 debtor, for the cost of repair of any physical injury to the whole or  
6 the other goods. The secured party need not reimburse the holder or  
7 owner for any diminution in value of the whole or the other goods  
8 caused by the absence of the accession removed or by any necessity for  
9 replacing it. A person entitled to reimbursement may refuse permission  
10 to remove until the secured party gives adequate assurance for the  
11 performance of the obligation to reimburse.

12       NEW SECTION.   **Sec. 9A-336.**   COMMINGLED GOODS.   (a) **"Commingled**  
13 **goods."** In this section, "commingled goods" means goods that are  
14 physically united with other goods in such a manner that their identity  
15 is lost in a product or mass.

16       (b) **No security interest in commingled goods as such.** A security  
17 interest does not exist in commingled goods as such. However, a  
18 security interest may attach to a product or mass that results when  
19 goods become commingled goods.

20       (c) **Attachment of security interest to product or mass.** If  
21 collateral becomes commingled goods, a security interest attaches to  
22 the product or mass.

23       (d) **Perfection of security interest.** If a security interest in  
24 collateral is perfected before the collateral becomes commingled goods,  
25 the security interest that attaches to the product or mass under  
26 subsection (c) of this section is perfected.

27       (e) **Priority of security interest.** Except as otherwise provided in  
28 subsection (f) of this section, the other provisions of this part  
29 determine the priority of a security interest that attaches to the  
30 product or mass under subsection (c) of this section.

31       (f) **Conflicting security interests in product or mass.** If more  
32 than one security interest attaches to the product or mass under  
33 subsection (c) of this section, the following rules determine priority:

34       (1) A security interest that is perfected under subsection (d) of  
35 this section has priority over a security interest that is unperfected  
36 at the time the collateral becomes commingled goods.

37       (2) If more than one security interest is perfected under  
38 subsection (d) of this section, the security interests rank equally in

1 proportion to value of the collateral at the time it became commingled  
2 goods.

3 NEW SECTION. **Sec. 9A-337.** PRIORITY OF SECURITY INTERESTS IN GOODS  
4 COVERED BY CERTIFICATE OF TITLE. If, while a security interest in  
5 goods is perfected by any method under the law of another jurisdiction,  
6 this state issues a certificate of title that does not show that the  
7 goods are subject to the security interest or contain a statement that  
8 they may be subject to security interests not shown on the certificate:

9 (1) A buyer of the goods, other than a person in the business of  
10 selling goods of that kind, takes free of the security interest if the  
11 buyer gives value and receives delivery of the goods after issuance of  
12 the certificate and without knowledge of the security interest; and

13 (2) The security interest is subordinate to a conflicting security  
14 interest in the goods that attaches, and is perfected under RCW  
15 62A.9A-311(b), after issuance of the certificate and without the  
16 conflicting secured party's knowledge of the security interest.

17 NEW SECTION. **Sec. 9A-338.** PRIORITY OF SECURITY INTEREST OR  
18 AGRICULTURAL LIEN PERFECTED BY FILED FINANCING STATEMENT PROVIDING  
19 CERTAIN INCORRECT INFORMATION. If a security interest or agricultural  
20 lien is perfected by a filed financing statement providing information  
21 described in RCW 62A.9A-516(b)(5) which is incorrect at the time the  
22 financing statement is filed:

23 (1) The security interest or agricultural lien is subordinate to a  
24 conflicting perfected security interest in the collateral to the extent  
25 that the holder of the conflicting security interest gives value in  
26 reasonable reliance upon the incorrect information; and

27 (2) A purchaser, other than a secured party, of the collateral  
28 takes free of the security interest or agricultural lien to the extent  
29 that, in reasonable reliance upon the incorrect information, the  
30 purchaser gives value and, in the case of chattel paper, documents,  
31 goods, instruments, or a security certificate, receives delivery of the  
32 collateral.

33 NEW SECTION. **Sec. 9A-339.** PRIORITY SUBJECT TO SUBORDINATION.  
34 This Article does not preclude subordination by agreement by a person  
35 entitled to priority.



1         NEW SECTION.   **Sec. 9A-340.**   EFFECTIVENESS OF RIGHT OF RECOUPMENT OR  
2 SET-OFF AGAINST DEPOSIT ACCOUNT.   (a) **Exercise of recoupment or set-**  
3 **off.**   Except as otherwise provided in subsection (c) of this section,  
4 a bank with which a deposit account is maintained may exercise any  
5 right of recoupment or set-off against a secured party that holds a  
6 security interest in the deposit account.

7         (b) **Recoupment or set-off not affected by security interest.**  
8 Except as otherwise provided in subsection (c) of this section, the  
9 application of this Article to a security interest in a deposit account  
10 does not affect a right of recoupment or set-off of the secured party  
11 as to a deposit account maintained with the secured party.

12         (c) **When set-off ineffective.**   The exercise by a bank of a set-off  
13 against a deposit account is ineffective against a secured party that  
14 holds a security interest in the deposit account which is perfected by  
15 control under RCW 62A.9A-104(a)(3), if the set-off is based on a claim  
16 against the debtor.

17         NEW SECTION.   **Sec. 9A-341.**   BANK’S RIGHTS AND DUTIES WITH RESPECT  
18 TO DEPOSIT ACCOUNT.   Except as otherwise provided in RCW 62A.9A-340(c),  
19 and unless the bank otherwise agrees in an authenticated record, a  
20 bank’s rights and duties with respect to a deposit account maintained  
21 with the bank are not terminated, suspended, or modified by:

- 22             (1) The creation, attachment, or perfection of a security interest
- 23 in the deposit account;
- 24             (2) The bank’s knowledge of the security interest; or
- 25             (3) The bank’s receipt of instructions from the secured party.

26         NEW SECTION.   **Sec. 9A-342.**   BANK’S RIGHT TO REFUSE TO ENTER INTO OR  
27 DISCLOSE EXISTENCE OF CONTROL AGREEMENT.   This Article does not require  
28 a bank to enter into an agreement of the kind described in RCW  
29 62A.9A-104(a)(2), even if its customer so requests or directs.   A bank  
30 that has entered into such an agreement is not required to confirm the  
31 existence of the agreement to another person unless requested to do so  
32 by its customer.

33                                   PART 4

34                                   RIGHTS OF THIRD PARTIES

35         NEW SECTION.   **Sec. 9A-401.**   ALIENABILITY OF DEBTOR’S RIGHTS.   (a)  
36 **Other law governs alienability; exceptions.**   Except as otherwise

1 provided in subsection (b) of this section and RCW 62A.9A-406,  
2 62A.9A-407, 62A.9A-408, and 62A.9A-409, whether a debtor's rights in  
3 collateral may be voluntarily or involuntarily transferred is governed  
4 by law other than this Article.

5 (b) **Agreement does not prevent transfer.** An agreement between the  
6 debtor and secured party which prohibits a transfer of the debtor's  
7 rights in collateral or makes the transfer a default does not prevent  
8 the transfer from taking effect.

9 NEW SECTION. **Sec. 9A-402.** SECURED PARTY NOT OBLIGATED ON CONTRACT  
10 OF DEBTOR OR IN TORT. The existence of a security interest,  
11 agricultural lien, or authority given to a debtor to dispose of or use  
12 collateral, without more, does not subject a secured party to liability  
13 in contract or tort for the debtor's acts or omissions.

14 NEW SECTION. **Sec. 9A-403.** AGREEMENT NOT TO ASSERT DEFENSES  
15 AGAINST ASSIGNEE. (a) **"Value."** In this section, "value" has the  
16 meaning provided in RCW 62A.3-303(a).

17 (b) **Agreement not to assert claim or defense.** Except as otherwise  
18 provided in this section, an agreement between an account debtor and an  
19 assignor not to assert against an assignee any claim or defense that  
20 the account debtor may have against the assignor is enforceable by an  
21 assignee that takes an assignment:

22 (1) For value;

23 (2) In good faith;

24 (3) Without notice of a claim of a property or possessory right to  
25 the property assigned; and

26 (4) Without notice of a defense or claim in recoupment of the type  
27 that may be asserted against a person entitled to enforce a negotiable  
28 instrument under RCW 62A.3-305(a).

29 (c) **When subsection (b) of this section not applicable.** Subsection  
30 (b) of this section does not apply to defenses of a type that may be  
31 asserted against a holder in due course of a negotiable instrument  
32 under RCW 62A.3-305(b).

33 (d) **Omission of required statement in consumer transaction.** In a  
34 consumer transaction, if a record evidences the account debtor's  
35 obligation, law other than this Article requires that the record  
36 include a statement to the effect that the rights of an assignee are  
37 subject to claims or defenses that the account debtor could assert

1 against the original obligee, and the record does not include such a  
2 statement:

3 (1) The record has the same effect as if the record included such  
4 a statement; and

5 (2) The account debtor may assert against an assignee those claims  
6 and defenses that would have been available if the record included such  
7 a statement.

8 (e) **Rule for individual under other law.** This section is subject  
9 to law other than this Article which establishes a different rule for  
10 an account debtor who is an individual and who incurred the obligation  
11 primarily for personal, family, or household purposes.

12 (f) **Other law not displaced.** Except as otherwise provided in  
13 subsection (d) of this section, this section does not displace law  
14 other than this Article which gives effect to an agreement by an  
15 account debtor not to assert a claim or defense against an assignee.

16 NEW SECTION. Sec. 9A-404. RIGHTS ACQUIRED BY ASSIGNEE; CLAIMS AND  
17 DEFENSES AGAINST ASSIGNEE. (a) **Assignee's rights subject to terms,**  
18 **claims, and defenses; exceptions.** Unless an account debtor has made an  
19 enforceable agreement not to assert defenses or claims, and subject to  
20 subsections (b) through (e) of this section, the rights of an assignee  
21 are subject to:

22 (1) All terms of the agreement between the account debtor and  
23 assignor and any defense or claim in recoupment arising from the  
24 transaction that gave rise to the contract; and

25 (2) Any other defense or claim of the account debtor against the  
26 assignor which accrues before the account debtor receives a  
27 notification of the assignment authenticated by the assignor or the  
28 assignee.

29 (b) **Account debtor's claim reduces amount owed to assignee.**  
30 Subject to subsection (c) of this section, and except as otherwise  
31 provided in subsection (d) of this section, the claim of an account  
32 debtor against an assignor may be asserted against an assignee under  
33 subsection (a) of this section only to reduce the amount the account  
34 debtor owes.

35 (c) **Rule for individual under other law.** This section is subject  
36 to law other than this Article which establishes a different rule for  
37 an account debtor who is an individual and who incurred the obligation  
38 primarily for personal, family, or household purposes.

1 (d) **Omission of required statement in consumer transaction.** In a  
2 consumer transaction, if a record evidences the account debtor's  
3 obligation, law other than this Article requires that the record  
4 include a statement to the effect that the account debtor's recovery  
5 against an assignee with respect to claims and defenses against the  
6 assignor may not exceed amounts paid by the account debtor under the  
7 record, and the record does not include such a statement, the extent to  
8 which a claim of an account debtor against the assignor may be asserted  
9 against an assignee is determined as if the record included such a  
10 statement.

11 (e) **Inapplicability to health-care-insurance receivable.** This  
12 section does not apply to an assignment of a health-care-insurance  
13 receivable.

14 NEW SECTION. **Sec. 9A-405.** MODIFICATION OF ASSIGNED CONTRACT. (a)  
15 **Effect of modification on assignee.** A modification of or substitution  
16 for an assigned contract is effective against an assignee if made in  
17 good faith. The assignee acquires corresponding rights under the  
18 modified or substituted contract. The assignment may provide that the  
19 modification or substitution is a breach of contract by the assignor.  
20 This subsection is subject to subsections (b) through (d) of this  
21 section.

22 (b) **Applicability of subsection (a) of this section.** Subsection  
23 (a) of this section applies to the extent that:

24 (1) The right to payment or a part thereof under an assigned  
25 contract has not been fully earned by performance; or

26 (2) The right to payment or a part thereof has been fully earned by  
27 performance and the account debtor has not received notification of the  
28 assignment under RCW 62A.9A-406(a).

29 (c) **Rule for individual under other law.** This section is subject  
30 to law other than this Article which establishes a different rule for  
31 an account debtor who is an individual and who incurred the obligation  
32 primarily for personal, family, or household purposes.

33 (d) **Inapplicability to health-care-insurance receivable.** This  
34 section does not apply to an assignment of a health-care-insurance  
35 receivable.

36 NEW SECTION. **Sec. 9A-406.** DISCHARGE OF ACCOUNT DEBTOR;  
37 NOTIFICATION OF ASSIGNMENT; IDENTIFICATION AND PROOF OF ASSIGNMENT;

1 RESTRICTIONS ON ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT  
2 INTANGIBLES, AND PROMISSORY NOTES INEFFECTIVE. (a) **Discharge of**  
3 **account debtor; effect of notification.** Subject to subsections (b)  
4 through (i) of this section, an account debtor on an account, chattel  
5 paper, or a payment intangible may discharge its obligation by paying  
6 the assignor until, but not after, the account debtor receives a  
7 notification, authenticated by the assignor or the assignee, that the  
8 amount due or to become due has been assigned and that payment is to be  
9 made to the assignee. After receipt of the notification, the account  
10 debtor may discharge its obligation by paying the assignee and may not  
11 discharge the obligation by paying the assignor.

12 (b) **When notification ineffective.** Subject to subsection (h) of  
13 this section, notification is ineffective under subsection (a) of this  
14 section:

15 (1) If it does not reasonably identify the rights assigned;

16 (2) To the extent that an agreement between an account debtor and  
17 a seller of a payment intangible limits the account debtor's duty to  
18 pay a person other than the seller and the limitation is effective  
19 under law other than this Article; or

20 (3) At the option of an account debtor, if the notification  
21 notifies the account debtor to make less than the full amount of any  
22 installment or other periodic payment to the assignee, even if:

23 (A) Only a portion of the account, chattel paper, or general  
24 intangible has been assigned to that assignee;

25 (B) A portion has been assigned to another assignee; or

26 (C) The account debtor knows that the assignment to that assignee  
27 is limited.

28 (c) **Proof of assignment.** Subject to subsection (h) of this  
29 section, if requested by the account debtor, an assignee shall  
30 seasonably furnish reasonable proof that the assignment has been made.  
31 Unless the assignee complies, the account debtor may discharge its  
32 obligation by paying the assignor, even if the account debtor has  
33 received a notification under subsection (a) of this section.

34 (d) **Term restricting assignment generally ineffective.** Except as  
35 otherwise provided in subsection (e) of this section and RCW 62A.2A-303  
36 and 62A.9A-407, and subject to subsection (h) of this section, a term  
37 in an agreement between an account debtor and an assignor or in a  
38 promissory note is ineffective to the extent that it:

1 (1) Prohibits, restricts, or requires the consent of the account  
2 debtor or person obligated on the promissory note to the assignment or  
3 transfer of, or the creation, attachment, perfection, or enforcement of  
4 a security interest in, the account, chattel paper, payment intangible,  
5 or promissory note; or

6 (2) Provides that the assignment or transfer or the creation,  
7 attachment, perfection, or enforcement of the security interest may  
8 give rise to a default, breach, right of recoupment, claim, defense,  
9 termination, right of termination, or remedy under the account, chattel  
10 paper, payment intangible, or promissory note.

11 (e) **Inapplicability of subsection (d) to certain sales.** Subsection  
12 (d) of this section does not apply to the sale of a payment intangible  
13 or promissory note.

14 (f) [Reserved]

15 (g) **Subsection (b)(3) not waivable.** Subject to subsection (h) of  
16 this section, an account debtor may not waive or vary its option under  
17 subsection (b)(3) of this section.

18 (h) **Rule for individual under other law.** This section is subject  
19 to law other than this Article which establishes a different rule for  
20 an account debtor who is an individual and who incurred the obligation  
21 primarily for personal, family, or household purposes.

22 (i) **Inapplicability to health-care-insurance receivable.** This  
23 section does not apply to an assignment of a health-care-insurance  
24 receivable.

25 NEW SECTION. **Sec. 9A-407.** RESTRICTIONS ON CREATION OR ENFORCEMENT  
26 OF SECURITY INTEREST IN LEASEHOLD INTEREST OR IN LESSOR'S RESIDUAL  
27 INTEREST. (a) **Term restricting assignment generally ineffective.**

28 Except as otherwise provided in subsection (b) of this section, a term  
29 in a lease agreement is ineffective to the extent that it:

30 (1) Prohibits, restricts, or requires the consent of a party to the  
31 lease to the assignment or transfer of, or the creation, attachment,  
32 perfection, or enforcement of a security interest in an interest of a  
33 party under the lease contract or in the lessor's residual interest in  
34 the goods; or

35 (2) Provides that the assignment or transfer or the creation,  
36 attachment, perfection, or enforcement of the security interest may  
37 give rise to a default, breach, right of recoupment, claim, defense,  
38 termination, right of termination, or remedy under the lease.

1 (b) **Effectiveness of certain terms.** Except as otherwise provided  
2 in RCW 62A.2A-303(7), a term described in subsection (a)(2) of this  
3 section is effective to the extent that there is:

4 (1) A transfer by the lessee of the lessee's right of possession or  
5 use of the goods in violation of the term; or

6 (2) A delegation of a material performance of either party to the  
7 lease contract in violation of the term.

8 (c) **Security interest not material impairment.** The creation,  
9 attachment, perfection, or enforcement of a security interest in the  
10 lessor's interest under the lease contract or the lessor's residual  
11 interest in the goods is not a transfer that materially impairs the  
12 lessee's prospect of obtaining return performance or materially changes  
13 the duty of or materially increases the burden or risk imposed on the  
14 lessee within the purview of RCW 62A.2A-303(4) unless, and then only to  
15 the extent that, enforcement actually results in a delegation of  
16 material performance of the lessor.

17 NEW SECTION. **Sec. 9A-408.** RESTRICTIONS ON ASSIGNMENT OF  
18 PROMISSORY NOTES, HEALTH-CARE-INSURANCE RECEIVABLES, AND CERTAIN  
19 GENERAL INTANGIBLES INEFFECTIVE. (a) **Term restricting assignment**  
20 **generally ineffective.** Except as otherwise provided in subsection (b)  
21 of this section, a term in a promissory note or in an agreement between  
22 an account debtor and a debtor which relates to a health-care-insurance  
23 receivable or a general intangible, including a contract, permit,  
24 license, or franchise, and which term prohibits, restricts, or requires  
25 the consent of the person obligated on the promissory note or the  
26 account debtor to, the assignment or transfer of, or creation,  
27 attachment, or perfection of a security interest in, the promissory  
28 note, health-care-insurance receivable, or general intangible, is  
29 ineffective to the extent that the term:

30 (1) Would impair the creation, attachment, or perfection of a  
31 security interest; or

32 (2) Provides that the assignment or transfer or the creation,  
33 attachment, or perfection of the security interest may give rise to a  
34 default, breach, right of recoupment, claim, defense, termination,  
35 right of termination, or remedy under the promissory note, health-care-  
36 insurance receivable, or general intangible.

37 (b) **Applicability of subsection (a) of this section to sales of**  
38 **certain rights to payment.** Subsection (a) of this section applies to

1 a security interest in a payment intangible or promissory note only if  
2 the security interest arises out of a sale of the payment intangible or  
3 promissory note.

4 (c) **Legal restrictions on assignment generally ineffective.** A rule  
5 of law, statute, or regulation that prohibits, restricts, or requires  
6 the consent of a government, governmental body or official, person  
7 obligated on a promissory note, or account debtor to the assignment or  
8 transfer of, or creation of a security interest in, a promissory note,  
9 health-care-insurance receivable, or general intangible, including a  
10 contract, permit, license, or franchise between an account debtor and  
11 a debtor, is ineffective to the extent that the rule of law, statute,  
12 or regulation:

13 (1) Would impair the creation, attachment, or perfection of a  
14 security interest; or

15 (2) Provides that the assignment or transfer or the creation,  
16 attachment, or perfection of the security interest may give rise to a  
17 default, breach, right of recoupment, claim, defense, termination,  
18 right of termination, or remedy under the promissory note, health-care-  
19 insurance receivable, or general intangible.

20 (d) **Limitation on ineffectiveness under subsections (a) and (c) of**  
21 **this section.** To the extent that a term in a promissory note or in an  
22 agreement between an account debtor and a debtor which relates to a  
23 health-care-insurance receivable or general intangible or a rule of  
24 law, statute, or regulation described in subsection (c) of this section  
25 would be effective under law other than this Article but is ineffective  
26 under subsection (a) or (c) of this section, the creation, attachment,  
27 or perfection of a security interest in the promissory note, health-  
28 care-insurance receivable, or general intangible:

29 (1) Is not enforceable against the person obligated on the  
30 promissory note or the account debtor;

31 (2) Does not impose a duty or obligation on the person obligated on  
32 the promissory note or the account debtor;

33 (3) Does not require the person obligated on the promissory note or  
34 the account debtor to recognize the security interest, pay or render  
35 performance to the secured party, or accept payment or performance from  
36 the secured party;

37 (4) Does not entitle the secured party to use or assign the  
38 debtor's rights under the promissory note, health-care-insurance  
39 receivable, or general intangible, including any related information or



1 materials furnished to the debtor in the transaction giving rise to the  
2 promissory note, health-care-insurance receivable, or general  
3 intangible;

4 (5) Does not entitle the secured party to use, assign, possess, or  
5 have access to any trade secrets or confidential information of the  
6 person obligated on the promissory note or the account debtor; and

7 (6) Does not entitle the secured party to enforce the security  
8 interest in the promissory note, health-care-insurance receivable, or  
9 general intangible.

10 NEW SECTION. **Sec. 9A-409.** RESTRICTIONS ON ASSIGNMENT OF LETTER-  
11 OF-CREDIT RIGHTS INEFFECTIVE. (a) **Term or law restricting assignment**  
12 **generally ineffective.** A term in a letter of credit or a rule of law,  
13 statute, regulation, custom, or practice applicable to the letter of  
14 credit which prohibits, restricts, or requires the consent of an  
15 applicant, issuer, or nominated person to a beneficiary's assignment of  
16 or creation of a security interest in a letter-of-credit right is  
17 ineffective to the extent that the term or rule of law, statute,  
18 regulation, custom, or practice:

19 (1) Would impair the creation, attachment, or perfection of a  
20 security interest in the letter-of-credit right; or

21 (2) Provides that the assignment or the creation, attachment, or  
22 perfection of the security interest may give rise to a default, breach,  
23 right of recoupment, claim, defense, termination, right of termination,  
24 or remedy under the letter-of-credit right.

25 (b) **Limitation on ineffectiveness under subsection (a) of this**  
26 **section.** To the extent that a term in a letter of credit is  
27 ineffective under subsection (a) of this section but would be effective  
28 under law other than this Article or a custom or practice applicable to  
29 the letter of credit, to the transfer of a right to draw or otherwise  
30 demand performance under the letter of credit, or to the assignment of  
31 a right to proceeds of the letter of credit, the creation, attachment,  
32 or perfection of a security interest in the letter-of-credit right:

33 (1) Is not enforceable against the applicant, issuer, nominated  
34 person, or transferee beneficiary;

35 (2) Imposes no duties or obligations on the applicant, issuer,  
36 nominated person, or transferee beneficiary; and

37 (3) Does not require the applicant, issuer, nominated person, or  
38 transferee beneficiary to recognize the security interest, pay or

1 render performance to the secured party, or accept payment or other  
2 performance from the secured party.

3 PART 5  
4 FILING

5 NEW SECTION. **Sec. 9A-501.** FILING OFFICE. (a) **Filing offices.**  
6 Except as otherwise provided in subsection (b) of this section, if the  
7 local law of this state governs perfection of a security interest or  
8 agricultural lien, the office in which to file a financing statement to  
9 perfect the security interest or agricultural lien is:

10 (1) The office designated for the filing or recording of a record  
11 of a mortgage on the related real property, if:

12 (A) The collateral is as-extracted collateral or timber to be cut;  
13 or

14 (B) The financing statement is filed as a fixture filing and the  
15 collateral is goods that are or are to become fixtures; or

16 (2) The department of licensing, in all other cases, including a  
17 case in which the collateral is goods that are or are to become  
18 fixtures and the financing statement is not filed as a fixture filing.

19 (b) **Filing office for transmitting utilities.** The office in which  
20 to file a financing statement to perfect a security interest in  
21 collateral, including fixtures, of a transmitting utility is the  
22 department of licensing. The financing statement also constitutes a  
23 fixture filing as to the collateral indicated in the financing  
24 statement which is or is to become fixtures.

25 NEW SECTION. **Sec. 9A-502.** CONTENTS OF FINANCING STATEMENT; RECORD  
26 OF MORTGAGE AS FINANCING STATEMENT; TIME OF FILING FINANCING STATEMENT.

27 (a) **Sufficiency of financing statement.** Subject to subsection (b) of  
28 this section, a financing statement is sufficient only if it:

29 (1) Provides the name of the debtor;

30 (2) Provides the name of the secured party or a representative of  
31 the secured party; and

32 (3) Indicates the collateral covered by the financing statement.

33 (b) **Real-property-related financing statements.** Except as  
34 otherwise provided in RCW 62A.9A-501(b), to be sufficient, a financing  
35 statement that covers as-extracted collateral or timber to be cut, or  
36 which is filed as a fixture filing and covers goods that are or are to  
37 become fixtures, must satisfy subsection (a) of this section and also:

- 1 (1) Indicate that it covers this type of collateral;
- 2 (2) Indicate that it is to be filed for record in the real property  
3 records;
- 4 (3) Provide a description of the real property to which the  
5 collateral is related sufficient to give constructive notice of a  
6 mortgage under the law of this state if the description were contained  
7 in a record of the mortgage of the real property; and
- 8 (4) If the debtor does not have an interest of record in the real  
9 property, provide the name of a record owner.
- 10 (c) **Record of mortgage as financing statement.** A record of a  
11 mortgage is effective, from the date of recording, as a financing  
12 statement filed as a fixture filing or as a financing statement  
13 covering as-extracted collateral or timber to be cut only if:
- 14 (1) The record indicates the goods or accounts that it covers;
- 15 (2) The goods are or are to become fixtures related to the real  
16 property described in the record or the collateral is related to the  
17 real property described in the record and is as-extracted collateral or  
18 timber to be cut;
- 19 (3) The record satisfies the requirements for a financing statement  
20 in this section other than an indication that it is to be filed in the  
21 real property records; and
- 22 (4) The record is recorded.
- 23 (d) **Filing before security agreement or attachment.** A financing  
24 statement may be filed before a security agreement is made or a  
25 security interest otherwise attaches.

26 NEW SECTION. **Sec. 9A-503.** NAME OF DEBTOR AND SECURED PARTY. (a)  
27 **Sufficiency of debtor's name.** A financing statement sufficiently  
28 provides the name of the debtor:

29 (1) If the debtor is a registered organization, only if the  
30 financing statement provides the name of the debtor indicated on the  
31 public record of the debtor's jurisdiction of organization which shows  
32 the debtor to have been organized;

33 (2) If the debtor is a decedent's estate, only if the financing  
34 statement provides the name of the decedent and indicates that the  
35 debtor is an estate;

36 (3) If the debtor is a trust or a trustee acting with respect to  
37 property held in trust, only if the financing statement:

1 (A) Provides the name specified for the trust in its organic  
2 documents or, if no name is specified, provides the name of the settlor  
3 and additional information sufficient to distinguish the debtor from  
4 other trusts having one or more of the same settlors; and

5 (B) Indicates, in the debtor's name or otherwise, that the debtor  
6 is a trust or is a trustee acting with respect to property held in  
7 trust; and

8 (4) In other cases:

9 (A) If the debtor has a name, only if it provides the individual or  
10 organizational name of the debtor; and

11 (B) If the debtor does not have a name, only if it provides the  
12 names of the partners, members, associates, or other persons comprising  
13 the debtor.

14 (b) **Additional debtor-related information.** A financing statement  
15 that provides the name of the debtor in accordance with subsection (a)  
16 of this section is not rendered ineffective by the absence of:

17 (1) A trade name or other name of the debtor; or

18 (2) Unless required under subsection (a)(4)(B) of this section,  
19 names of partners, members, associates, or other persons comprising the  
20 debtor.

21 (c) **Debtor's trade name insufficient.** A financing statement that  
22 provides only the debtor's trade name does not sufficiently provide the  
23 name of the debtor.

24 (d) **Representative capacity.** Failure to indicate the  
25 representative capacity of a secured party or representative of a  
26 secured party does not affect the sufficiency of a financing statement.

27 (e) **Multiple debtors and secured parties.** A financing statement  
28 may provide the name of more than one debtor and the name of more than  
29 one secured party.

30 NEW SECTION. **Sec. 9A-504.** INDICATION OF COLLATERAL. A financing  
31 statement sufficiently indicates the collateral that it covers if the  
32 financing statement provides:

33 (1) A description of the collateral pursuant to RCW 62A.9A-108; or

34 (2) An indication that the financing statement covers all assets or  
35 all personal property.

36 NEW SECTION. **Sec. 9A-505.** FILING AND COMPLIANCE WITH OTHER  
37 STATUTES AND TREATIES FOR CONSIGNMENTS, LEASES, OTHER BAILMENTS, AND

1 OTHER TRANSACTIONS. (a) **Use of terms other than "debtor" and "secured**  
2 **party."** A consignor, lessor, or other bailor of goods, a licensor, or  
3 a buyer of a payment intangible or promissory note may file a financing  
4 statement, or may comply with a statute or treaty described in RCW  
5 62A.9A-311(a), using the terms "consignor," "consignee," "lessor,"  
6 "lessee," "bailor," "bailee," "licensor," "licensee," "owner,"  
7 "registered owner," "buyer," "seller," or words of similar import,  
8 instead of the terms "secured party" and "debtor."

9 (b) **Effect of financing statement under subsection (a) of this**  
10 **section.** This part applies to the filing of a financing statement  
11 under subsection (a) of this section and, as appropriate, to compliance  
12 that is equivalent to filing a financing statement under RCW  
13 62A.9A-311(b), but the filing or compliance is not of itself a factor  
14 in determining whether the collateral secures an obligation. If it is  
15 determined for another reason that the collateral secures an  
16 obligation, a security interest held by the consignor, lessor, bailor,  
17 licensor, owner, or buyer which attaches to the collateral is perfected  
18 by the filing or compliance.

19 NEW SECTION. **Sec. 9A-506.** EFFECT OF ERRORS OR OMISSIONS. (a)  
20 **Minor errors and omissions.** A financing statement substantially  
21 satisfying the requirements of this part is effective, even if it has  
22 minor errors or omissions, unless the errors or omissions make the  
23 financing statement seriously misleading.

24 (b) **Financing statement seriously misleading.** Except as otherwise  
25 provided in subsection (c) of this section, a financing statement that  
26 fails sufficiently to provide the name of the debtor in accordance with  
27 RCW 62A.9A-503(a) is seriously misleading.

28 (c) **Financing statement not seriously misleading.** If a search of  
29 the records of the filing office under the debtor's correct name, using  
30 the filing office's standard search logic, if any, would disclose a  
31 financing statement that fails sufficiently to provide the name of the  
32 debtor in accordance with RCW 62A.9A-503(a), the name provided does not  
33 make the financing statement seriously misleading.

34 (d) **"Debtor's correct name."** For purposes of RCW 62A.9A-508(b),  
35 the "debtor's correct name" in subsection (c) of this section means the  
36 correct name of the new debtor.

1        NEW SECTION.        **Sec. 9A-507.**        EFFECT OF CERTAIN EVENTS ON  
2 EFFECTIVENESS OF FINANCING STATEMENT.        (a) **Disposition.**        A filed  
3 financing statement remains effective with respect to collateral that  
4 is sold, exchanged, leased, licensed, or otherwise disposed of and in  
5 which a security interest or agricultural lien continues, even if the  
6 secured party knows of or consents to the disposition.

7        (b) **Information becoming seriously misleading.**        Except as otherwise  
8 provided in subsection (c) of this section and RCW 62A.9A-508, a  
9 financing statement is not rendered ineffective if, after the financing  
10 statement is filed, the information provided in the financing statement  
11 becomes seriously misleading under RCW 62A.9A-506.

12        (c) **Change in debtor's name.**        If a debtor so changes its name that  
13 a filed financing statement becomes seriously misleading under RCW  
14 62A.9A-506:

15        (1) The financing statement is effective to perfect a security  
16 interest in collateral acquired by the debtor before, or within four  
17 months after, the change; and

18        (2) The financing statement is not effective to perfect a security  
19 interest in collateral acquired by the debtor more than four months  
20 after the change, unless an amendment to the financing statement which  
21 renders the financing statement not seriously misleading is filed  
22 within four months after the change.

23        NEW SECTION.        **Sec. 9A-508.**        EFFECTIVENESS OF FINANCING STATEMENT IF  
24 NEW DEBTOR BECOMES BOUND BY SECURITY AGREEMENT.        (a) **Financing**  
25 **statement naming original debtor.**        Except as otherwise provided in this  
26 section, a filed financing statement naming an original debtor is  
27 effective to perfect a security interest in collateral in which a new  
28 debtor has or acquires rights to the extent that the financing  
29 statement would have been effective had the original debtor acquired  
30 rights in the collateral.

31        (b) **Financing statement becoming seriously misleading.**        If the  
32 difference between the name of the original debtor and that of the new  
33 debtor causes a filed financing statement that is effective under  
34 subsection (a) of this section to be seriously misleading under RCW  
35 62A.9A-506:

36        (1) The financing statement is effective to perfect a security  
37 interest in collateral acquired by the new debtor before, and within

1 four months after, the new debtor becomes bound under RCW  
2 62A.9A-203(d); and

3 (2) The financing statement is not effective to perfect a security  
4 interest in collateral acquired by the new debtor more than four months  
5 after the new debtor becomes bound under RCW 62A.9A-203(d) unless an  
6 initial financing statement providing the name of the new debtor is  
7 filed before the expiration of that time.

8 (c) **When section not applicable.** This section does not apply to  
9 collateral as to which a filed financing statement remains effective  
10 against the new debtor under RCW 62A.9A-507(a).

11 NEW SECTION. **Sec. 9A-509.** PERSONS ENTITLED TO FILE A RECORD. (a)  
12 **Person entitled to file record.** A person may file an initial financing  
13 statement, amendment that adds collateral covered by a financing  
14 statement, or amendment that adds a debtor to a financing statement  
15 only if:

16 (1) The debtor authorizes the filing in an authenticated record; or

17 (2) The person holds an agricultural lien that has become effective  
18 at the time of filing and the financing statement covers only  
19 collateral in which the person holds an agricultural lien.

20 (b) **Security agreement as authorization.** By authenticating or  
21 becoming bound as debtor by a security agreement, a debtor or new  
22 debtor authorizes the filing of an initial financing statement, and an  
23 amendment, covering:

24 (1) The collateral described in the security agreement; and

25 (2) Property that becomes collateral under RCW 62A.9A-315(a)(2),  
26 whether or not the security agreement expressly covers proceeds.

27 (c) **Acquisition of collateral as authorization.** By acquiring  
28 collateral in which a security interest or agricultural lien continues  
29 under RCW 62A.9A-315(a)(1), a debtor authorizes the filing of an  
30 initial financing statement, and an amendment, covering the collateral  
31 and property that becomes collateral under RCW 62A.9A-315(a)(2).

32 (d) **Person entitled to file certain amendments.** A person may file  
33 an amendment other than an amendment that adds collateral covered by a  
34 financing statement or an amendment that adds a debtor to a financing  
35 statement only if:

36 (1) The secured party of record authorizes the filing; or

37 (2) The amendment is a termination statement for a financing  
38 statement as to which the secured party of record has failed to file or

1 send a termination statement as required by RCW 62A.9A-513 (a) or (c),  
2 the debtor authorizes the filing, and the termination statement  
3 indicates that the debtor authorized it to be filed.

4 (e) **Multiple secured parties of record.** If there is more than one  
5 secured party of record for a financing statement, each secured party  
6 of record may authorize the filing of an amendment under subsection (d)  
7 of this section.

8 NEW SECTION. **Sec. 9A-510.** EFFECTIVENESS OF FILED RECORD. (a)  
9 **Filed record effective if authorized.** A filed record is effective only  
10 to the extent that it was filed by a person that may file it under RCW  
11 62A.9A-509.

12 (b) **Authorization by one secured party of record.** A record  
13 authorized by one secured party of record does not affect the financing  
14 statement with respect to another secured party of record.

15 (c) **Continuation statement not timely filed.** A continuation  
16 statement that is not filed within the six-month period prescribed by  
17 RCW 62A.9A-515(d) is ineffective.

18 NEW SECTION. **Sec. 9A-511.** SECURED PARTY OF RECORD. (a) **Secured**  
19 **party of record.** A secured party of record with respect to a financing  
20 statement is a person whose name is provided as the name of the secured  
21 party or a representative of the secured party in an initial financing  
22 statement that has been filed. If an initial financing statement is  
23 filed under RCW 62A.9A-514(a), the assignee named in the initial  
24 financing statement is the secured party of record with respect to the  
25 financing statement.

26 (b) **Amendment naming secured party of record.** If an amendment of  
27 a financing statement which provides the name of a person as a secured  
28 party or a representative of a secured party is filed, the person named  
29 in the amendment is a secured party of record. If an amendment is  
30 filed under RCW 62A.9A-514(b), the assignee named in the amendment is  
31 a secured party of record.

32 (c) **Amendment deleting secured party of record.** A person remains  
33 a secured party of record until the filing of an amendment of the  
34 financing statement which deletes the person.

35 NEW SECTION. **Sec. 9A-512.** AMENDMENT OF FINANCING STATEMENT. (a)  
36 **Amendment of information in financing statement.** Subject to RCW



1 62A.9A-509, a person may add or delete collateral covered by, continue  
2 or terminate the effectiveness of, or, subject to subsection (e) of  
3 this section, otherwise amend the information provided in, a financing  
4 statement by filing an amendment that:

5 (1) Identifies, by its file number, the initial financing statement  
6 to which the amendment relates; and

7 (2) If the amendment relates to an initial financing statement  
8 filed or recorded in a filing office described in RCW 62A.9A-501(a)(1),  
9 provides the information specified in RCW 62A.9A-502(b).

10 (b) **Period of effectiveness not affected.** Except as otherwise  
11 provided in RCW 62A.9A-515, the filing of an amendment does not extend  
12 the period of effectiveness of the financing statement.

13 (c) **Effectiveness of amendment adding collateral.** A financing  
14 statement that is amended by an amendment that adds collateral is  
15 effective as to the added collateral only from the date of the filing  
16 of the amendment.

17 (d) **Effectiveness of amendment adding debtor.** A financing  
18 statement that is amended by an amendment that adds a debtor is  
19 effective as to the added debtor only from the date of the filing of  
20 the amendment.

21 (e) **Certain amendments ineffective.** An amendment is ineffective to  
22 the extent it:

23 (1) Purports to delete all debtors and fails to provide the name of  
24 a debtor to be covered by the financing statement; or

25 (2) Purports to delete all secured parties of record and fails to  
26 provide the name of a new secured party of record.

27 NEW SECTION. **Sec. 9A-513.** TERMINATION STATEMENT. (a) **Consumer**  
28 **goods.** A secured party shall cause the secured party of record for a  
29 financing statement to file a termination statement for the financing  
30 statement if the financing statement covers consumer goods and:

31 (1) There is no obligation secured by the collateral covered by the  
32 financing statement and no commitment to make an advance, incur an  
33 obligation, or otherwise give value; or

34 (2) The debtor did not authorize the filing of the initial  
35 financing statement.

36 (b) **Time for compliance with subsection (a) of this section.** To  
37 comply with subsection (a) of this section, a secured party shall cause  
38 the secured party of record to file the termination statement:

1 (1) Within one month after there is no obligation secured by the  
2 collateral covered by the financing statement and no commitment to make  
3 an advance, incur an obligation, or otherwise give value; or

4 (2) If earlier, within twenty days after the secured party receives  
5 an authenticated demand from a debtor.

6 (c) **Other collateral.** In cases not governed by subsection (a) of  
7 this section, within twenty days after a secured party receives an  
8 authenticated demand from a debtor, the secured party shall cause the  
9 secured party of record for a financing statement to send to the debtor  
10 a termination statement for the financing statement or file the  
11 termination statement in the filing office if:

12 (1) Except in the case of a financing statement covering accounts  
13 or chattel paper that has been sold or goods that are the subject of a  
14 consignment, there is no obligation secured by the collateral covered  
15 by the financing statement and no commitment to make an advance, incur  
16 an obligation, or otherwise give value;

17 (2) The financing statement covers accounts or chattel paper that  
18 has been sold but as to which the account debtor or other person  
19 obligated has discharged its obligation;

20 (3) The financing statement covers goods that were the subject of  
21 a consignment to the debtor but are not in the debtor's possession; or

22 (4) The debtor did not authorize the filing of the initial  
23 financing statement.

24 (d) **Effect of filing termination statement.** Except as otherwise  
25 provided in RCW 62A.9A-510, upon the filing of a termination statement  
26 with the filing office, the financing statement to which the  
27 termination statement relates ceases to be effective.

28 NEW SECTION. **Sec. 9A-514.** ASSIGNMENT OF POWERS OF SECURED PARTY  
29 OF RECORD. (a) **Assignment reflected on initial financing statement.**  
30 Except as otherwise provided in subsection (c) of this section, an  
31 initial financing statement may reflect an assignment of all of the  
32 secured party's power to authorize an amendment to the financing  
33 statement by providing the name and mailing address of the assignee as  
34 the name and address of the secured party.

35 (b) **Assignment of filed financing statement.** Except as otherwise  
36 provided in subsection (c) of this section, a secured party of record  
37 may assign of record all or part of its power to authorize an amendment

1 to a financing statement by filing in the filing office an amendment of  
2 the financing statement which:

3 (1) Identifies, by its file number, the initial financing statement  
4 to which it relates;

5 (2) Provides the name of the assignor; and

6 (3) Provides the name and mailing address of the assignee.

7 (c) **Assignment of record of mortgage.** An assignment of record of  
8 a security interest in a fixture covered by a record of a mortgage  
9 which is effective as a financing statement filed as a fixture filing  
10 under RCW 62A.9A-502(c) may be made only by an assignment of record of  
11 the mortgage in the manner provided by law of this state other than the  
12 Uniform Commercial Code.

13 NEW SECTION. **Sec. 9A-515.** DURATION AND EFFECTIVENESS OF FINANCING  
14 STATEMENT; EFFECT OF LAPSED FINANCING STATEMENT. (a) **Five-year**  
15 **effectiveness.** Except as otherwise provided in subsections (b), (e),  
16 (f), and (g) of this section, a filed financing statement is effective  
17 for a period of five years after the date of filing.

18 (b) [Reserved]

19 (c) **Lapse and continuation of financing statement.** The  
20 effectiveness of a filed financing statement lapses on the expiration  
21 of the period of its effectiveness unless before the lapse a  
22 continuation statement is filed pursuant to subsection (d) of this  
23 section. Upon lapse, a financing statement ceases to be effective and  
24 any security interest or agricultural lien that was perfected by the  
25 financing statement becomes unperfected, unless the security interest  
26 is perfected otherwise. If the security interest or agricultural lien  
27 becomes unperfected upon lapse, it is deemed never to have been  
28 perfected as against a purchaser of the collateral for value.

29 (d) **When continuation statement may be filed.** A continuation  
30 statement may be filed only within six months before the expiration of  
31 the five-year period specified in subsection (a) of this section or the  
32 thirty-year period specified in subsection (b) of this section,  
33 whichever is applicable.

34 (e) **Effect of filing continuation statement.** Except as otherwise  
35 provided in RCW 62A.9A-510, upon timely filing of a continuation  
36 statement, the effectiveness of the initial financing statement  
37 continues for a period of five years commencing on the day on which the  
38 financing statement would have become ineffective in the absence of the

1 filing. Upon the expiration of the five-year period, the financing  
2 statement lapses in the same manner as provided in subsection (c) of  
3 this section, unless, before the lapse, another continuation statement  
4 is filed pursuant to subsection (d) of this section. Succeeding  
5 continuation statements may be filed in the same manner to continue the  
6 effectiveness of the initial financing statement.

7 (f) **Transmitting utility financing statement.** If a debtor is a  
8 transmitting utility and a filed financing statement so indicates, the  
9 financing statement is effective until a termination statement is  
10 filed.

11 (g) **Record of mortgage as financing statement.** A record of a  
12 mortgage that is effective as a financing statement filed as a fixture  
13 filing under RCW 62A.9A-502(c) remains effective as a financing  
14 statement filed as a fixture filing until the mortgage is released or  
15 satisfied of record or its effectiveness otherwise terminates as to the  
16 real property.

17 NEW SECTION. **Sec. 9A-516.** WHAT CONSTITUTES FILING; EFFECTIVENESS  
18 OF FILING. (a) **What constitutes filing.** Except as otherwise provided  
19 in subsection (b) of this section, communication of a record to a  
20 filing office and tender of the filing fee or acceptance of the record  
21 by the filing office constitutes filing.

22 (b) **Refusal to accept record; filing does not occur.** Filing does  
23 not occur with respect to a record that a filing office refuses to  
24 accept because:

25 (1) The record is not communicated by a method or medium of  
26 communication authorized by the filing office;

27 (2) An amount equal to or greater than the applicable filing fee is  
28 not tendered;

29 (3) The filing office is unable to index the record because:

30 (A) In the case of an initial financing statement, the record does  
31 not provide a name for the debtor;

32 (B) In the case of an amendment or correction statement, the  
33 record:

34 (i) Does not identify the initial financing statement as required  
35 by RCW 62A.9A-512 or 62A.9A-518, as applicable; or

36 (ii) Identifies an initial financing statement whose effectiveness  
37 has lapsed under RCW 62A.9A-515;

1 (C) In the case of an initial financing statement that provides the  
2 name of a debtor identified as an individual or an amendment that  
3 provides a name of a debtor identified as an individual which was not  
4 previously provided in the financing statement to which the record  
5 relates, the record does not identify the debtor's last name; or

6 (D) In the case of a record filed or recorded in the filing office  
7 described in RCW 62A.9A-501(a)(1), the record does not provide a  
8 sufficient description of the real property to which it relates;

9 (4) In the case of an initial financing statement or an amendment  
10 that adds a secured party of record, the record does not provide a name  
11 and mailing address for the secured party of record;

12 (5) In the case of an initial financing statement or an amendment  
13 that provides a name of a debtor which was not previously provided in  
14 the financing statement to which the amendment relates, the record does  
15 not:

16 (A) Provide a mailing address for the debtor;

17 (B) Indicate whether the debtor is an individual or an  
18 organization; or

19 (C) If the financing statement indicates that the debtor is an  
20 organization, provide:

21 (i) A type of organization for the debtor;

22 (ii) A jurisdiction of organization for the debtor; or

23 (iii) An organizational identification number for the debtor or  
24 indicate that the debtor has none;

25 (6) In the case of an assignment reflected in an initial financing  
26 statement under RCW 62A.9A-514(a) or an amendment filed under RCW  
27 62A.9A-514(b), the record does not provide a name and mailing address  
28 for the assignee; or

29 (7) In the case of a continuation statement, the record is not  
30 filed within the six-month period prescribed by RCW 62A.9A-515(d).

31 (c) **Rules applicable to subsection (b) of this section.** For  
32 purposes of subsection (b) of this section:

33 (1) A record does not provide information if the filing office is  
34 unable to read or decipher the information; and

35 (2) A record that does not indicate that it is an amendment or  
36 identify an initial financing statement to which it relates, as  
37 required by RCW 62A.9A-512, 62A.9A-514, or 62A.9A-518, is an initial  
38 financing statement.

1 (d) **Refusal to accept record; record effective as filed record.** A  
2 record that is communicated to the filing office with tender of the  
3 filing fee, but which the filing office refuses to accept for a reason  
4 other than one set forth in subsection (b) of this section, is  
5 effective as a filed record except as against a purchaser of the  
6 collateral which gives value in reasonable reliance upon the absence of  
7 the record from the files.

8 NEW SECTION. **Sec. 9A-517.** EFFECT OF INDEXING ERRORS. The failure  
9 of the filing office to index a record correctly does not affect the  
10 effectiveness of the filed record.

11 NEW SECTION. **Sec. 9A-518.** CLAIM CONCERNING INACCURATE OR  
12 WRONGFULLY FILED RECORD. (a) **Correction statement.** A person may file  
13 in the filing office a correction statement with respect to a record  
14 indexed there under the person's name if the person believes that the  
15 record is inaccurate or was wrongfully filed.

16 (b) **Sufficiency of correction statement.** A correction statement  
17 must:

18 (1) Identify the record to which it relates by the file number  
19 assigned to the initial financing statement to which the record  
20 relates;

21 (2) Indicate that it is a correction statement; and

22 (3) Provide the basis for the person's belief that the record is  
23 inaccurate and indicate the manner in which the person believes the  
24 record should be amended to cure any inaccuracy or provide the basis  
25 for the person's belief that the record was wrongfully filed.

26 (c) **Record not affected by correction statement.** The filing of a  
27 correction statement does not affect the effectiveness of an initial  
28 financing statement or other filed record.

29 NEW SECTION. **Sec. 9A-519.** NUMBERING, MAINTAINING, AND INDEXING  
30 RECORDS; COMMUNICATING INFORMATION PROVIDED IN RECORDS. (a) **Filing**  
31 **office duties.** For each record filed in a filing office, the filing  
32 office shall:

33 (1) Assign a unique number to the filed record;

34 (2) Create a record that bears the number assigned to the filed  
35 record and the date and time of filing;

36 (3) Maintain the filed record for public inspection; and

1 (4) Index the filed record in accordance with subsections (c), (d),  
2 and (e) of this section.

3 (b) **File number.** A file number assigned after January 1, 2002,  
4 must include a digit that:

5 (1) Is mathematically derived from or related to the other digits  
6 of the file number; and

7 (2) Aids the filing office in determining whether a number  
8 communicated as the file number includes a single-digit or  
9 transpositional error.

10 (c) **Indexing: General.** Except as otherwise provided in  
11 subsections (d) and (e) of this section, the filing office shall:

12 (1) Index an initial financing statement according to the name of  
13 the debtor and index all filed records relating to the initial  
14 financing statement in a manner that associates with one another an  
15 initial financing statement and all filed records relating to the  
16 initial financing statement; and

17 (2) Index a record that provides a name of a debtor which was not  
18 previously provided in the financing statement to which the record  
19 relates also according to the name that was not previously provided.

20 (d) **Indexing: Real-property-related financing statement.** If a  
21 financing statement is filed as a fixture filing or covers as-extracted  
22 collateral or timber to be cut, it must be filed for record and the  
23 filing office shall index it:

24 (1) Under the names of the debtor and of each owner of record shown  
25 on the financing statement as if they were the mortgagors under a  
26 mortgage of the real property described; and

27 (2) To the extent that the law of this state provides for indexing  
28 of records of mortgages under the name of the mortgagee, under the name  
29 of the secured party as if the secured party were the mortgagee  
30 thereunder, or, if indexing is by description, as if the financing  
31 statement were a record of a mortgage of the real property described.

32 (e) **Indexing: Real-property-related assignment.** If a financing  
33 statement is filed as a fixture filing or covers as-extracted  
34 collateral or timber to be cut, the filing office shall index an  
35 assignment filed under RCW 62A.9A-514(a) or an amendment filed under  
36 RCW 62A.9A-514(b):

37 (1) Under the name of the assignor as grantor; and

1 (2) To the extent that the law of this state provides for indexing  
2 a record of the assignment of a mortgage under the name of the  
3 assignee, under the name of the assignee.

4 (f) **Retrieval and association capability.** The filing office shall  
5 maintain a capability:

6 (1) To retrieve a record by the name of the debtor and by the file  
7 number assigned to the initial financing statement to which the record  
8 relates; and

9 (2) To associate and retrieve with one another an initial financing  
10 statement and each filed record relating to the initial financing  
11 statement.

12 (g) **Removal of debtor's name.** The filing office may not remove a  
13 debtor's name from the index until one year after the effectiveness of  
14 a financing statement naming the debtor lapses under RCW 62A.9A-515  
15 with respect to all secured parties of record.

16 (h) **Timeliness of filing office performance.** The filing office  
17 shall perform the acts required by subsections (a) through (e) of this  
18 section at the time and in the manner prescribed by filing-office rule,  
19 but not later than two business days after the filing office receives  
20 the record in question.

21 (i) **Inapplicability to real-property-related filing office.**  
22 Subsections (b) and (h) of this section do not apply to a filing office  
23 described in RCW 62A.9A-501(a)(1).

24 NEW SECTION. **Sec. 9A-520.** ACCEPTANCE AND REFUSAL TO ACCEPT  
25 RECORD. (a) **Mandatory refusal to accept record.** A filing office shall  
26 refuse to accept a record for filing for a reason set forth in RCW  
27 62A.9A-516(b) and may refuse to accept a record for filing only for a  
28 reason set forth in RCW 62A.9A-516(b).

29 (b) **Communication concerning refusal.** If a filing office refuses  
30 to accept a record for filing, it shall communicate to the person that  
31 presented the record the fact of and reason for the refusal and the  
32 date and time the record would have been filed had the filing office  
33 accepted it. The communication must be made at the time and in the  
34 manner prescribed by filing-office rule but, in the case of a filing  
35 office described in RCW 62A.9A-501(a)(2), in no event more than two  
36 business days after the filing office receives the record.

37 (c) **When filed financing statement effective.** A filed financing  
38 statement satisfying RCW 62A.9A-502 (a) and (b) is effective, even if



1 the filing office is required to refuse to accept it for filing under  
2 subsection (a) of this section. However, RCW 62A.9A-338 applies to a  
3 filed financing statement providing information described in RCW  
4 62A.9A-516(b)(5) which is incorrect at the time the financing statement  
5 is filed.

6 (d) **Separate application to multiple debtors.** If a record  
7 communicated to a filing office provides information that relates to  
8 more than one debtor, this part applies as to each debtor separately.

9 NEW SECTION. **Sec. 9A-521.** UNIFORM FORM OF WRITTEN FINANCING  
10 STATEMENT AND AMENDMENT. (a) **Initial financing statement form.** A  
11 filing office that accepts written records may not refuse to accept a  
12 written initial financing statement in the following form and format  
13 except for a reason set forth in RCW 62A.9A-516(b):

14 UCC FINANCING STATEMENT

15 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

16 A. NAME & PHONE OF CONTACT AT FILER [optional]

17 B. SEND ACKNOWLEDGMENT TO: (Name and Address)

18 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

19 1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

20 1a. ORGANIZATION'S NAME

21 OR

22 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

23 1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

24 1d. TAX ID #: ADD'L INFO RE 1e. TYPE OF 1f. JURISDICTION OF 1g. ORGANIZATIONAL

25 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any

26 DEBTOR NONE

27 2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

28 2a. ORGANIZATION'S NAME

29 OR

30 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

31 2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

1 2d. TAX ID #: ADD'L INFO RE 2e. TYPE OF 2f. JURISDICTION OF 2g. ORGANIZATIONAL  
2 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #: If any  
3 DEBTOR INONE

4 3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)  
5 3a. ORGANIZATION'S NAME

6 OR  
7 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

8 3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

9 4. This FINANCING STATEMENT covers the following collateral:

10 5. ALTERNATIVE DESIGNATION [if applicable]: 1 LESSEE/LESSOR 1 CONSIGNEE/CONSIGNOR 1 BAILEE/BAILOR  
11 1 SELLER/BUYER 1 AG. LIEN 1 NON-UCC FILING

12 6. IThis FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

13 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) 1 All Debtors 1 Debtor 1 Debtor 2  
14 [Additional Fee] [optional]

15 8. OPTIONAL FILER REFERENCE DATA

16 NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

17 \_\_\_\_\_

18 UCC FINANCING STATEMENT ADDENDUM

19 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

20 9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

21 9a. ORGANIZATION'S NAME

22 OR

23 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME, SUFFIX

24 10. MISCELLANEOUS:

25 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

26 11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

27 11a. ORGANIZATION'S NAME

28 OR

29 11b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1 11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY  
 2 11d. TAX ID #: ADD'L INFO RE 11e. TYPE OF 11f. JURISDICTION OF 11g. ORGANIZATIONAL  
 3 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any  
 4 DEBTOR INONE

5 12. 1 ADDITIONAL SECURED PARTY'S or 1 ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)  
 6 12a. ORGANIZATION'S NAME

7 OR  
 8 12b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

9 12c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

10 13. This FINANCING STATEMENT covers 1 timber to be cut or 16. Additional collateral description:  
 11 las-extracted collateral, or is filed as a 1 fixture filing.

12 14. Description of real estate:

13 15. Name and address of a RECORD OWNER of above-described real estate  
 14 (if Debtor does not have a record interest):

15 17. Check only if applicable and check only one box.  
 16 Debtor is a 1 Trust or 1 Trustee acting with respect to property held in trust  
 17 or 1 Decedent's Estate

18 18. Check only if applicable and check only one box.  
 19 1 Debtor is a TRANSMITTING UTILITY  
 20 1 Filed in connection with a Manufactured-Home Transaction « effective 30  
 21 years  
 22 1 Filed in connection with a Public-Finance Transaction « effective 30 years

23 NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 07/29/98)

24 (b) **Amendment form.** A filing office that accepts written records  
 25 may not refuse to accept a written record in the following form and  
 26 format except for a reason set forth in RCW 62A.9A-516(b):

27 UCC FINANCING STATEMENT AMENDMENT

28 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

29 A. NAME & PHONE OF CONTACT AT FILER [optional]

1 B. SEND ACKNOWLEDGMENT TO: (Name and Address)

2 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

3 1a. INITIAL FINANCING STATEMENT FILE # 1b. This FINANCING STATEMENT AMENDMENT is  
4 to be filed [for record] (or recorded) in the  
5 1 REAL ESTATE RECORDS.

6 2. 1 TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party  
7 authorizing this Termination Statement.

8 3. 1 CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing  
9 this Continuation Statement is continued for the additional period provided by applicable law.

10 4. 1 ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in  
11 item 9.

12 5. AMENDMENT (PARTY INFORMATION): This Amendment affects 1 Debtor or 1 Secured Party of record. Check only one of these two boxes.

13 Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

14 1 CHANGE name and/or address: Give current record name in 1 DELETE name: Give record name to 1 ADD name: Complete item 7a or 7b,  
15 item 6a or 6b; also give new name (if name changed) in item 7a be deleted in item 6a or 6b. and also item 7c; also complete items 7d-7g  
16 or 7b and/or new address (if address change) in item 7c. (if applicable).

17 6. CURRENT RECORD INFORMATION:

18 6a. ORGANIZATION'S NAME

19 OR

20 6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

21 7. CHANGED (NEW) OR ADDED INFORMATION:

22 7a. ORGANIZATION'S NAME

23 OR

24 7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

25 7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

1 7d. TAX ID #: ADD'L INFO RE 7e. TYPE OF 7f. JURISDICTION OF 7g. ORGANIZATIONAL  
2 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, if any  
3 DEBTOR INONE

4 8. AMENDMENT (COLLATERAL CHANGE): check only one box.

5 Describe collateral 1 deleted or 1 added, or give entire 1 restated collateral description, or describe collateral 1 assigned.

6 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an  
7 Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here  
8 1 and enter name of DEBTOR authorizing this Amendment.

9 9a. ORGANIZATION'S NAME

10 OR

11 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

12 10. OPTIONAL FILER REFERENCE DATA

13 NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 07/29/98)

14 \_\_\_\_\_

15 UCC FINANCING STATEMENT AMENDMENT ADDENDUM

16 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

17 11. INITIAL FINANCING STATEMENT FILE #

18 (same as item 1a on Amendment form)

19 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT

20 (same as item 9 on Amendment form)

21 12a. ORGANIZATION'S NAME

22 OR

23 12b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME, SUFFIX

24 13. Use this space for additional information

25 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

26 NATIONAL UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC3Ad) (REV. 07/29/98)

27 \_\_\_\_\_

1        NEW SECTION.    **Sec. 9A-522.**    MAINTENANCE AND DESTRUCTION OF RECORDS.

2    (a) **Post-lapse maintenance and retrieval of information.**    The filing  
3 office shall maintain a record of the information provided in a filed  
4 financing statement for at least one year after the effectiveness of  
5 the financing statement has lapsed under RCW 62A.9A-515 with respect to  
6 all secured parties of record.    The record must be retrievable by using  
7 the name of the debtor and by using the file number assigned to the  
8 initial financing statement to which the record relates.

9        (b) **Destruction of written records.**    Except to the extent that a  
10 statute governing disposition of public records provides otherwise, the  
11 filing office immediately may destroy any written record evidencing a  
12 financing statement.    However, if the filing office destroys a written  
13 record, it shall maintain another record of the financing statement  
14 which complies with subsection (a) of this section.

15        NEW SECTION.    **Sec. 9A-523.**    INFORMATION FROM FILING OFFICE; SALE OR  
16 LICENSE OF RECORDS.    (a) **Acknowledgment of filing written record.**    If

17 a person that files a written record requests an acknowledgment of the  
18 filing, the filing office shall send to the person an image of the  
19 record showing the number assigned to the record pursuant to RCW  
20 62A.9A-519(a)(1) and the date and time of the filing of the record.  
21 However, if the person furnishes a copy of the record to the filing  
22 office, the filing office may instead:

23        (1) Note upon the copy the number assigned to the record pursuant  
24 to RCW 62A.9A-519(a)(1) and the date and time of the filing of the  
25 record; and

26        (2) Send the copy to the person.

27        (b) **Acknowledgment of filing other record.**    If a person files a  
28 record other than a written record, the filing office shall communicate  
29 to the person an acknowledgment that provides:

30        (1) The information in the record;

31        (2) The number assigned to the record pursuant to RCW  
32 62A.9A-519(a)(1); and

33        (3) The date and time of the filing of the record.

34        (c) **Communication of requested information.**    The filing office  
35 shall communicate or otherwise make available in a record the following  
36 information to any person that requests it:

1 (1) Whether there is on file on a date and time specified by the  
2 filing office, but not a date earlier than three business days before  
3 the filing office receives the request, any financing statement that:

4 (A) Designates a particular debtor or, if the request so states,  
5 designates a particular debtor at the address specified in the request;

6 (B) Has not lapsed under RCW 62A.9A-515 with respect to all secured  
7 parties of record; and

8 (C) If the request so states, has lapsed under RCW 62A.9A-515 and  
9 a record of which is maintained by the filing office under RCW  
10 62A.9A-522(a);

11 (2) The date and time of filing of each financing statement; and

12 (3) The information provided in each financing statement.

13 (d) **Medium for communicating information.** In complying with its  
14 duty under subsection (c) of this section, the filing office may  
15 communicate information in any medium. However, if requested, the  
16 filing office shall communicate information by issuing a record that  
17 can be admitted into evidence in the courts of this state without  
18 extrinsic evidence of its authenticity.

19 (e) **Timeliness of filing office performance.** The filing office  
20 shall perform the acts required by subsections (a) through (d) of this  
21 section at the time and in the manner prescribed by filing-office rule,  
22 but not later than two business days after the filing office receives  
23 the request.

24 (f) **Public availability of records.** At least weekly, the filing  
25 office shall offer to sell or license to the public on a nonexclusive  
26 basis, in bulk, copies of all records filed in it under this part, in  
27 every medium from time to time available to the filing office.

28 NEW SECTION. **Sec. 9A-524.** DELAY BY FILING OFFICE. Delay by the  
29 filing office beyond a time limit prescribed by this part is excused  
30 if:

31 (1) The delay is caused by interruption of communication or  
32 computer facilities, war, emergency conditions, failure of equipment,  
33 or other circumstances beyond control of the filing office; and

34 (2) The filing office exercises reasonable diligence under the  
35 circumstances.

36 NEW SECTION. **Sec. 9A-525.** FEES. (a) **Filing with department of**  
37 **licensing.** Except as otherwise provided in subsection (b) or (e) of

1 this section, the fee for filing and indexing a record under this part  
2 is the fee set by department of licensing rule pursuant to subsection  
3 (f) of this section. Without limitation, different fees may be charged  
4 for:

5 (1) A record that is communicated in writing and consists of one or  
6 two pages;

7 (2) A record that is communicated in writing and consists of more  
8 than two pages, which fee may be a multiple of the fee described in (1)  
9 of this subsection; and

10 (3) A record that is communicated by another medium authorized by  
11 department of licensing rule, which fee may be a fraction of the fee  
12 described in (1) of this subsection.

13 (b) **Filing with other filing offices.** Except as otherwise provided  
14 in subsection (e) of this section, the fee for filing and indexing a  
15 record under this part that is filed in a filing office described in  
16 RCW 62A.9A-501(a)(1) is the fee that would otherwise be applicable to  
17 the recording of a mortgage in that filing office, as set forth in RCW  
18 36.18.010.

19 (c) **Number of names.** The number of names required to be indexed  
20 does not affect the amount of the fee in subsections (a) and (b) of  
21 this section.

22 (d) **Response to information request.** The fee for responding to a  
23 request for information from a filing office, including for issuing a  
24 certificate showing, or otherwise communicating, whether there is on  
25 file any financing statement naming a particular debtor, is the fee set  
26 by department of licensing rule pursuant to subsection (f) of this  
27 section; provided however, if the request is to a filing office  
28 described in RCW 62A.9A-501(a)(1) and that office charges a different  
29 fee, then that different fee shall apply instead. Without limitation,  
30 different fees may be charged:

31 (1) If the request is communicated in writing;

32 (2) If the request is communicated by another medium authorized by  
33 filing-office rule; and

34 (3) If the request is for expedited service.

35 (e) **Record of mortgage.** This section does not require a fee with  
36 respect to a record of a mortgage which is effective as a financing  
37 statement filed as a fixture filing or as a financing statement  
38 covering as-extracted collateral or timber to be cut under RCW



1 62A.9A-502(c). However, the recording and satisfaction fees that  
2 otherwise would be applicable to the record of the mortgage apply.

3 (f) **Filing office rules.** The department of licensing shall by rule  
4 set the fees called for in this section for filing with, and obtaining  
5 information from, the department of licensing. The director shall set  
6 fees at a sufficient level to defray the costs of administering the  
7 program. All receipts from fees collected under this title, except  
8 fees for services covered under RCW 62A.9A-501(a)(1), shall be  
9 deposited to the uniform commercial code fund in the state treasury.  
10 Moneys in the fund may be spent only after appropriation and may be  
11 used only to administer the uniform commercial code program.

12 NEW SECTION. **Sec. 9A-526.** FILING-OFFICE RULES. (a) **Adoption of**  
13 **filing-office rules.** The department of licensing shall adopt and  
14 publish rules to implement this Article. The filing-office rules must  
15 be:

16 (1) Consistent with this Article; and

17 (2) Adopted and published in accordance with chapter 34.05 RCW.

18 (b) **Harmonization of rules.** To keep the filing-office rules and  
19 practices of the filing office in harmony with the rules and practices  
20 of filing offices in other jurisdictions that enact substantially this  
21 part, and to keep the technology used by the filing office compatible  
22 with the technology used by filing offices in other jurisdictions that  
23 enact substantially this part, the department of licensing, so far as  
24 is consistent with the purposes, policies, and provisions of this  
25 Article, in adopting, amending, and repealing filing-office rules,  
26 shall:

27 (1) Consult with filing offices in other jurisdictions that enact  
28 substantially this part; and

29 (2) Consult the most recent version of the Model Rules promulgated  
30 by the International Association of Corporate Administrators or any  
31 successor organization; and

32 (3) Take into consideration the rules and practices of, and the  
33 technology used by, filing offices in other jurisdictions that enact  
34 substantially this part.

35 NEW SECTION. **Sec. 9A-527.** DUTY TO REPORT. The department of  
36 licensing shall report annually on or before December 31st to the  
37 governor on the operation of the filing office.

NEW SECTION.      **Sec. 9A-601.**      RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES. (a) **Rights of secured party after default.** After default, a secured party has the rights provided in this part and, except as otherwise provided in RCW 62A.9A-602, those provided by agreement of the parties. A secured party:

(1) May reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) If the collateral is documents, may proceed either as to the documents or as to the goods they cover.

(b) **Rights and duties of secured party in possession or control.** A secured party in possession of collateral or control of collateral under RCW 62A.9A-104, 62A.9A-105, 62A.9A-106, or 62A.9A-107 has the rights and duties provided in RCW 62A.9A-207.

(c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and (b) of this section are cumulative and may be exercised simultaneously.

(d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) of this section and RCW 62A.9A-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) The date of perfection of the security interest or agricultural lien in the collateral;

(2) The date of filing a financing statement covering the collateral; or

(3) Any date specified in a statute under which the agricultural lien was created.

(f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may

1 purchase at the sale and thereafter hold the collateral free of any  
2 other requirements of this Article.

3 (g) **Consignor or buyer of certain rights to payment.** Except as  
4 otherwise provided in RCW 62A.9A-607(c), this part imposes no duties  
5 upon a secured party that is a consignor or is a buyer of accounts,  
6 chattel paper, payment intangibles, or promissory notes.

7 (h) **Enforcement restrictions.** All rights and remedies provided in  
8 this part with respect to promissory notes or an agreement between an  
9 account debtor and a debtor which relates to a health-care-insurance  
10 receivable or a general intangible, including a contract, permit,  
11 license, or franchise, are subject to RCW 62A.9A-408 to the extent  
12 applicable.

13 NEW SECTION. **Sec. 9A-602.** WAIVER AND VARIANCE OF RIGHTS AND  
14 DUTIES. Except as otherwise provided in RCW 62A.9A-624, to the extent  
15 that they give rights to an obligor (other than a secondary obligor) or  
16 a debtor and impose duties on a secured party, the debtor or obligor  
17 may not waive or vary the rules stated in the following listed  
18 sections:

19 (1) RCW 62A.9A-207(b)(4)(C), which deals with use and operation of  
20 the collateral by the secured party;

21 (2) RCW 62A.9A-210, which deals with requests for an accounting and  
22 requests concerning a list of collateral and statement of account;

23 (3) RCW 62A.9A-607(c), which deals with collection and enforcement  
24 of collateral;

25 (4) RCW 62A.9A-608(a) and 62A.9A-615(c) to the extent that they  
26 deal with application or payment of noncash proceeds of collection,  
27 enforcement, or disposition;

28 (5) RCW 62A.9A-608(a) and 62A.9A-615(d) to the extent that they  
29 require accounting for or payment of surplus proceeds of collateral;

30 (6) RCW 62A.9A-609 to the extent that it imposes upon a secured  
31 party that takes possession of collateral without judicial process the  
32 duty to do so without breach of the peace;

33 (7) RCW 62A.9A-610(b), 62A.9A-611, 62A.9A-613, and 62A.9A-614,  
34 which deal with disposition of collateral;

35 (8) [Reserved]

36 (9) RCW 62A.9A-616, which deals with explanation of the calculation  
37 of a surplus or deficiency;

1 (10) RCW 62A.9A-620, 62A.9A-621, and 62A.9A-622, which deal with  
2 acceptance of collateral in satisfaction of obligation;  
3 (11) RCW 62A.9A-623, which deals with redemption of collateral;  
4 (12) RCW 62A.9A-624, which deals with permissible waivers; and  
5 (13) RCW 62A.9A-625 and 62A.9A-626, which deal with the secured  
6 party's liability for failure to comply with this Article.

7 NEW SECTION. **Sec. 9A-603.** AGREEMENT ON STANDARDS CONCERNING  
8 RIGHTS AND DUTIES. (a) **Agreed standards.** The parties may determine by  
9 agreement the standards measuring the fulfillment of the rights of a  
10 debtor or obligor and the duties of a secured party under a rule stated  
11 in RCW 62A.9A-602 if the standards are not manifestly unreasonable.

12 (b) **Agreed standards inapplicable to breach of peace.** Subsection  
13 (a) of this section does not apply to the duty under RCW 62A.9A-609 to  
14 refrain from breaching the peace.

15 NEW SECTION. **Sec. 9A-604.** PROCEDURE IF SECURITY AGREEMENT COVERS  
16 REAL PROPERTY, FIXTURES, OR MANUFACTURED HOME. (a) **Enforcement:**  
17 **Personal and real property.** If a security agreement covers both  
18 personal and real property, a secured party may proceed:

19 (1) Under this part as to the personal property without prejudicing  
20 any rights with respect to the real property; or

21 (2) As to both the personal property and the real property in  
22 accordance with the rights with respect to the real property, in which  
23 case the other provisions of this part do not apply.

24 (b) **Enforcement: Fixtures.** Subject to subsection (c) of this  
25 section, if a security agreement covers goods that are or become  
26 fixtures, a secured party may proceed:

27 (1) Under this part; or

28 (2) In accordance with the rights with respect to real property, in  
29 which case the other provisions of this part do not apply.

30 (c) **Removal of fixtures or manufactured home.** Subject to the other  
31 provisions of this part, if a secured party holding a security interest  
32 in fixtures or a manufactured home has priority over all owners and  
33 encumbrancers of the real property, the secured party, after default,  
34 may remove the collateral from the real property.

35 (d) **Injury caused by removal.** A secured party that removes  
36 collateral consisting of fixtures or a manufactured home shall promptly  
37 reimburse any encumbrancer or owner of the real property, other than

1 the debtor, for the cost of repair of any physical injury caused by the  
2 removal. The secured party need not reimburse the encumbrancer or  
3 owner for any diminution in value of the real property caused by the  
4 absence of the goods removed or by any necessity of replacing them. A  
5 person entitled to reimbursement may refuse permission to remove until  
6 the secured party gives adequate assurance for the performance of the  
7 obligation to reimburse.

8 NEW SECTION. **Sec. 9A-605.** UNKNOWN DEBTOR OR SECONDARY OBLIGOR.  
9 A secured party does not owe a duty based on its status as secured  
10 party:

11 (1) To a person that is a debtor or obligor, unless the secured  
12 party knows:

13 (A) That the person is a debtor or obligor;

14 (B) The identity of the person; and

15 (C) How to communicate with the person; or

16 (2) To a secured party or lienholder that has filed a financing  
17 statement against a person, unless the secured party knows:

18 (A) That the person is a debtor; and

19 (B) The identity of the person.

20 NEW SECTION. **Sec. 9A-606.** TIME OF DEFAULT FOR AGRICULTURAL LIEN.  
21 For purposes of this part, a default occurs in connection with an  
22 agricultural lien at the time the secured party becomes entitled to  
23 enforce the lien in accordance with the statute under which it was  
24 created.

25 NEW SECTION. **Sec. 9A-607.** COLLECTION AND ENFORCEMENT BY SECURED  
26 PARTY. (a) **Collection and enforcement generally.** If so agreed, and in  
27 any event after default, a secured party:

28 (1) May notify an account debtor or other person obligated on  
29 collateral to make payment or otherwise render performance to or for  
30 the benefit of the secured party;

31 (2) May take any proceeds to which the secured party is entitled  
32 under RCW 62A.9A-315;

33 (3) May enforce the obligations of an account debtor or other  
34 person obligated on collateral and exercise the rights of the debtor  
35 with respect to the obligation of the account debtor or other person  
36 obligated on collateral to make payment or otherwise render performance

1 to the debtor, and with respect to any property that secures the  
2 obligations of the account debtor or other person obligated on the  
3 collateral;

4 (4) If it holds a security interest in a deposit account perfected  
5 by control under RCW 62A.9A-104(a)(1), may apply the balance of the  
6 deposit account to the obligation secured by the deposit account; and

7 (5) If it holds a security interest in a deposit account perfected  
8 by control under RCW 62A.9A-104(a) (2) or (3), may instruct the bank to  
9 pay the balance of the deposit account to or for the benefit of the  
10 secured party.

11 (b) **Nonjudicial enforcement of mortgage.** If necessary to enable a  
12 secured party to exercise, under subsection (a)(3) of this section, the  
13 right of a debtor to enforce a mortgage nonjudicially, the secured  
14 party may record in the office in which a record of the mortgage is  
15 recorded the secured party's sworn affidavit stating that:

16 (1) Default has occurred under the security agreement that creates  
17 or provides for a security interest in the obligations secured by the  
18 mortgage;

19 (2) A copy of the security agreement is attached to the affidavit;  
20 and

21 (3) The secured party is entitled to enforce the mortgage  
22 nonjudicially.

23 If the secured party's affidavit and attached copy of the security  
24 agreement in the form prescribed by chapter 65.04 RCW are presented  
25 with the applicable fee to the office in which a record of the mortgage  
26 is recorded, the affidavit and attached copy of the security agreement  
27 shall be recorded pursuant to RCW 65.04.030(3).

28 (c) **Commercially reasonable collection and enforcement.** A secured  
29 party shall proceed in a commercially reasonable manner if the secured  
30 party:

31 (1) Undertakes to collect from or enforce an obligation of an  
32 account debtor or other person obligated on collateral; and

33 (2) Is entitled to charge back uncollected collateral or otherwise  
34 to full or limited recourse against the debtor or a secondary obligor.

35 (d) **Expenses of collection and enforcement.** A secured party may  
36 deduct from the collections made pursuant to subsection (c) of this  
37 section reasonable expenses of collection and enforcement, including  
38 reasonable attorneys' fees and legal expenses incurred by the secured  
39 party.

1 (e) **Duties to secured party not affected.** This section does not  
2 determine whether an account debtor, bank, or other person obligated on  
3 collateral owes a duty to a secured party.

4 NEW SECTION. **Sec. 9A-608.** APPLICATION OF PROCEEDS OF COLLECTION  
5 OR ENFORCEMENT; LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS. (a)

6 **Application of proceeds, surplus, and deficiency if obligation secured.**  
7 If a security interest or agricultural lien secures payment or  
8 performance of an obligation, the following rules apply:

9 (1) A secured party shall apply or pay over for application the  
10 cash proceeds of collection or enforcement under this section in the  
11 following order to:

12 (A) The reasonable expenses of collection and enforcement and, to  
13 the extent provided for by agreement and not prohibited by law,  
14 reasonable attorneys' fees and legal expenses incurred by the secured  
15 party;

16 (B) The satisfaction of obligations secured by the security  
17 interest or agricultural lien under which the collection or enforcement  
18 is made; and

19 (C) The satisfaction of obligations secured by any subordinate  
20 security interest in or other lien on the collateral subject to the  
21 security interest or agricultural lien under which the collection or  
22 enforcement is made if the secured party receives an authenticated  
23 demand for proceeds before distribution of the proceeds is completed.

24 (2) If requested by a secured party, a holder of a subordinate  
25 security interest or other lien shall furnish reasonable proof of the  
26 interest or lien within a reasonable time. Unless the holder complies,  
27 the secured party need not comply with the holder's demand under (1)(C)  
28 of this subsection.

29 (3) A secured party need not apply or pay over for application  
30 noncash proceeds of collection and enforcement under this section  
31 unless the failure to do so would be commercially unreasonable. A  
32 secured party that applies or pays over for application noncash  
33 proceeds shall do so in a commercially reasonable manner.

34 (4) A secured party shall account to and pay a debtor for any  
35 surplus, and the obligor is liable for any deficiency.

36 (b) **No surplus or deficiency in sales of certain rights to payment.**  
37 If the underlying transaction is a sale of accounts, chattel paper,

1 payment intangibles, or promissory notes, the debtor is not entitled to  
2 any surplus, and the obligor is not liable for any deficiency.

3 NEW SECTION. **Sec. 9A-609.** SECURED PARTY'S RIGHT TO TAKE  
4 POSSESSION AFTER DEFAULT. (a) **Possession; rendering equipment**  
5 **unusable; disposition on debtor's premises.** After default, a secured  
6 party:

7 (1) May take possession of the collateral; and  
8 (2) Without removal, may render equipment unusable and dispose of  
9 collateral on a debtor's premises under RCW 62A.9A-610.

10 (b) **Judicial and nonjudicial process.** A secured party may proceed  
11 under subsection (a) of this section:

12 (1) Pursuant to judicial process; or  
13 (2) Without judicial process, if it proceeds without breach of the  
14 peace.

15 (c) **Assembly of collateral.** If so agreed, and in any event after  
16 default, a secured party may require the debtor to assemble the  
17 collateral and make it available to the secured party at a place to be  
18 designated by the secured party which is reasonably convenient to both  
19 parties.

20 NEW SECTION. **Sec. 9A-610.** DISPOSITION OF COLLATERAL AFTER  
21 DEFAULT. (a) **Disposition after default.** After default, a secured  
22 party may sell, lease, license, or otherwise dispose of any or all of  
23 the collateral in its present condition or following any commercially  
24 reasonable preparation or processing.

25 (b) **Commercially reasonable disposition.** Every aspect of a  
26 disposition of collateral, including the method, manner, time, place,  
27 and other terms, must be commercially reasonable. If commercially  
28 reasonable, a secured party may dispose of collateral by public or  
29 private proceedings, by one or more contracts, as a unit or in parcels,  
30 and at any time and place and on any terms.

31 (c) **Purchase by secured party.** A secured party may purchase  
32 collateral:

33 (1) At a public disposition; or  
34 (2) At a private disposition only if the collateral is of a kind  
35 that is customarily sold on a recognized market or the subject of  
36 widely distributed standard price quotations.



1 (d) **Warranties on disposition.** A contract for sale, lease,  
2 license, or other disposition includes the warranties relating to  
3 title, possession, quiet enjoyment, and the like which by operation of  
4 law accompany a voluntary disposition of property of the kind subject  
5 to the contract.

6 (e) **Disclaimer of warranties.** A secured party may disclaim or  
7 modify warranties under subsection (d) of this section:

8 (1) In a manner that would be effective to disclaim or modify the  
9 warranties in a voluntary disposition of property of the kind subject  
10 to the contract of disposition; or

11 (2) By communicating to the purchaser a record evidencing the  
12 contract for disposition and including an express disclaimer or  
13 modification of the warranties.

14 (f) **Record sufficient to disclaim warranties.** A record is  
15 sufficient to disclaim under subsection (e) of this section all  
16 warranties included under subsection (d) of this section if it  
17 indicates "There is no warranty relating to title, possession, quiet  
18 enjoyment, or the like in this disposition" or uses words of similar  
19 import.

20 NEW SECTION. **Sec. 9A-611.** NOTIFICATION BEFORE DISPOSITION OF  
21 COLLATERAL. (a) **"Notification date."** In this section, "notification  
22 date" means the earlier of the date on which:

23 (1) A secured party sends to the debtor and any secondary obligor  
24 an authenticated notification of disposition; or

25 (2) The debtor and any secondary obligor waive the right to  
26 notification.

27 (b) **Notification of disposition required.** Except as otherwise  
28 provided in subsection (d) of this section, a secured party that  
29 disposes of collateral under RCW 62A.9A-610 shall send to the persons  
30 specified in subsection (c) of this section a reasonable authenticated  
31 notification of disposition.

32 (c) **Persons to be notified.** To comply with subsection (b) of this  
33 section, the secured party shall send an authenticated notification of  
34 disposition to:

35 (1) The debtor;

36 (2) Any secondary obligor; and

37 (3) If the collateral is other than consumer goods:

1 (A) Any other secured party or lienholder that, ten days before the  
2 notification date, held a security interest in or other lien on the  
3 collateral perfected by the filing of a financing statement that:

4 (i) Identified the collateral;

5 (ii) Was indexed under the debtor's name as of that date; and

6 (iii) Was filed in the office in which to file a financing  
7 statement against the debtor covering the collateral as of that date;  
8 and

9 (B) Any other secured party that, ten days before the notification  
10 date, held a security interest in the collateral perfected by  
11 compliance with a statute, regulation, or treaty described in RCW  
12 62A.9A-311(a).

13 (d) **Subsection (b) of this section inapplicable: Perishable**  
14 **collateral; recognized market.** Subsection (b) of this section does not  
15 apply if the collateral is perishable or threatens to decline speedily  
16 in value or is of a type customarily sold on a recognized market.

17 (e) **Compliance with subsection (c)(3)(A) of this section.** A  
18 secured party complies with the requirement for notification prescribed  
19 by subsection (c)(3)(A) of this section if:

20 (1) Not later than twenty days or earlier than thirty days before  
21 the notification date, the secured party requests, in a commercially  
22 reasonable manner, information concerning financing statements indexed  
23 under the debtor's name in the office indicated in subsection (c)(3)(A)  
24 of this section; and

25 (2) Before the notification date, the secured party:

26 (A) Did not receive a response to the request for information; or

27 (B) Received a response to the request for information and sent an  
28 authenticated notification of disposition to each secured party or  
29 other lienholder named in that response whose financing statement  
30 covered the collateral.

31 NEW SECTION. **Sec. 9A-612.** TIMELINESS OF NOTIFICATION BEFORE  
32 DISPOSITION OF COLLATERAL. (a) **Reasonable time is question of fact.**  
33 Except as otherwise provided in subsection (b) of this section, whether  
34 a notification is sent within a reasonable time is a question of fact.

35 (b) **Ten-day period sufficient in nonconsumer transaction.** In a  
36 transaction other than a consumer transaction, a notification of  
37 disposition sent after default and ten days or more before the earliest

1 time of disposition set forth in the notification is sent within a  
2 reasonable time before the disposition.

3 NEW SECTION. **Sec. 9A-613.** CONTENTS AND FORM OF NOTIFICATION  
4 BEFORE DISPOSITION OF COLLATERAL: GENERAL. Except in a consumer-goods  
5 transaction, the following rules apply:

6 (1) The contents of a notification of disposition are sufficient if  
7 the notification:

8 (A) Describes the debtor and the secured party;

9 (B) Describes the collateral that is the subject of the intended  
10 disposition;

11 (C) States the method of intended disposition;

12 (D) States that the debtor is entitled to an accounting of the  
13 unpaid indebtedness and states the charge, if any, for an accounting;  
14 and

15 (E) States the time and place of a public sale or the time after  
16 which any other disposition is to be made.

17 (2) Whether the contents of a notification that lacks any of the  
18 information specified in (1) of this section are nevertheless  
19 sufficient is a question of fact.

20 (3) The contents of a notification providing substantially the  
21 information specified in (1) of this section are sufficient, even if  
22 the notification includes:

23 (A) Information not specified by (1) of this section; or

24 (B) Minor errors that are not seriously misleading.

25 (4) A particular phrasing of the notification is not required.

26 (5) The following form of notification and the form appearing in  
27 RCW 62A.9A-614(3), when completed, each provides sufficient  
28 information:

29 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

30 To:  [Name of debtor, obligor, or other person to which the  
31 notification is sent]

32 From:  [Name, address, and telephone number of secured party]

33 Name of Debtor(s):  [Include only if debtor(s) are not an  
34 addressee]

35 [For a public disposition:]

36 We will sell [or lease or license, as applicable] the  [describe  
37 collateral] [to the highest qualified bidder] in public as follows:

38 Day and Date: \_\_\_\_\_

1 Time: \_\_\_\_\_

2 Place: \_\_\_\_\_

3 [For a private disposition:]

4 We will sell [or lease or license, as applicable] the \_\_\_\_ [describe  
5 collateral]\_\_\_\_ privately sometime after \_\_\_\_ [day and date]\_\_\_\_.

6 You are entitled to an accounting of the unpaid indebtedness  
7 secured by the property that we intend to sell [or lease or license, as  
8 applicable] [for a charge of \$\_\_\_\_\_]. You may request an  
9 accounting by calling us at \_\_\_\_ [telephone number]\_\_\_\_

10 NEW SECTION. **Sec. 9A-614.** CONTENTS AND FORM OF NOTIFICATION  
11 BEFORE DISPOSITION OF COLLATERAL: CONSUMER-GOODS TRANSACTION. In a  
12 consumer-goods transaction, the following rules apply:

13 (1) A notification of disposition must provide the following  
14 information:

15 (A) The information specified in RCW 62A.9A-613(1);

16 (B) A description of any liability for a deficiency of the person  
17 to which the notification is sent;

18 (C) A telephone number from which the amount that must be paid to  
19 the secured party to redeem the collateral under RCW 62A.9A-623 is  
20 available; and

21 (D) A telephone number or mailing address from which additional  
22 information concerning the disposition and the obligation secured is  
23 available.

24 (2) A particular phrasing of the notification is not required.

25 (3) The following form of notification, when completed, provides  
26 sufficient information:

27 \_\_\_\_\_ [Name and address of secured party]\_\_\_\_\_

28 \_\_\_\_\_ [Date]\_\_\_\_\_

29 **NOTICE OF OUR PLAN TO SELL PROPERTY**

30 \_\_\_\_\_ [Name and address of any obligor who is also a debtor]\_\_\_\_\_

31 Subject: \_\_\_\_\_ [Identification of Transaction]\_\_\_\_\_

32 We have your \_\_\_\_ [describe collateral]\_\_\_\_, because you broke promises  
33 in our agreement.

34 [For a public disposition:]

35 We will sell \_\_\_\_ [describe collateral]\_\_\_\_ at public sale. A sale could  
36 include a lease or license. The sale will be held as follows:

37 Date: \_\_\_\_\_

1 Time: \_\_\_\_\_

2 Place: \_\_\_\_\_

3 You may attend the sale and bring bidders if you want.

4 [*For a private disposition:*]

5 We will sell  [describe collateral]  at private sale sometime after  
6  [date] . A sale could include a lease or license.

7 The money that we get from the sale (after paying our costs) will  
8 reduce the amount you owe. If we get less money than you owe, you  
9  [will or will not, as applicable]  still owe us the difference.  
10 If we get more money than you owe, you will get the extra money, unless  
11 we must pay it to someone else.

12 You can get the property back at any time before we sell it by paying  
13 us the full amount you owe (not just the past due payments), including  
14 our expenses. To learn the exact amount you must pay, call us at  
15  [telephone number] .

16 If you want us to explain to you in writing how we have figured the  
17 amount that you owe us, you may call us at  [telephone number]  [or  
18 write us at  [secured party's address] ] and request a written  
19 explanation. [We will charge you \$ \_\_\_\_\_ for the explanation if we  
20 sent you another written explanation of the amount you owe us within  
21 the last six months.]

22 If you need more information about the sale call us at  [telephone  
23  number]  [or write us at  [secured party's address] ].

24 We are sending this notice to the following other people who have an  
25 interest in  [describe collateral]  or who owe money under your  
26 agreement:  
27  [Names of all other debtors and obligors, if any]

28 (4) A notification in the form of (3) of this section is  
29 sufficient, even if additional information appears at the end of the  
30 form.

31 (5) A notification in the form of (3) of this section is  
32 sufficient, even if it includes errors in information not required by  
33 (1) of this section, unless the error is misleading with respect to  
34 rights arising under this Article.

1 (6) If a notification under this section is not in the form of (3)  
2 of this section, law other than this Article determines the effect of  
3 including information not required by (1) of this section.

4 NEW SECTION. Sec. 9A-615. APPLICATION OF PROCEEDS OF DISPOSITION;  
5 LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS. (a) **Application of**  
6 **proceeds.** A secured party shall apply or pay over for application the  
7 cash proceeds of disposition in the following order to:

8 (1) The reasonable expenses of retaking, holding, preparing for  
9 disposition, processing, and disposing, and, to the extent provided for  
10 by agreement and not prohibited by law, reasonable attorneys' fees and  
11 legal expenses incurred by the secured party;

12 (2) The satisfaction of obligations secured by the security  
13 interest or agricultural lien under which the disposition is made;

14 (3) The satisfaction of obligations secured by any subordinate  
15 security interest in or other subordinate lien on the collateral if:

16 (A) The secured party receives from the holder of the subordinate  
17 security interest or other lien an authenticated demand for proceeds  
18 before distribution of the proceeds is completed; and

19 (B) In a case in which a consignor has an interest in the  
20 collateral, the subordinate security interest or other lien is senior  
21 to the interest of the consignor; and

22 (4) A secured party that is a consignor of the collateral if the  
23 secured party receives from the consignor an authenticated demand for  
24 proceeds before distribution of the proceeds is completed.

25 (b) **Proof of subordinate interest.** If requested by a secured  
26 party, a holder of a subordinate security interest or other lien shall  
27 furnish reasonable proof of the interest or lien within a reasonable  
28 time. Unless the holder does so, the secured party need not comply  
29 with the holder's demand under subsection (a)(3) of this section.

30 (c) **Application of noncash proceeds.** A secured party need not  
31 apply or pay over for application noncash proceeds of disposition under  
32 this section unless the failure to do so would be commercially  
33 unreasonable. A secured party that applies or pays over for  
34 application noncash proceeds shall do so in a commercially reasonable  
35 manner.

36 (d) **Surplus or deficiency if obligation secured.** If the security  
37 interest under which a disposition is made secures payment or  
38 performance of an obligation, after making the payments and

1 applications required by subsection (a) of this section and permitted  
2 by subsection (c) of this section:

3 (1) Unless subsection (a)(4) of this section requires the secured  
4 party to apply or pay over cash proceeds to a consignor, the secured  
5 party shall account to and pay a debtor for any surplus; and

6 (2) The obligor is liable for any deficiency.

7 (e) **No surplus or deficiency in sales of certain rights to payment.**  
8 If the underlying transaction is a sale of accounts, chattel paper,  
9 payment intangibles, or promissory notes:

10 (1) The debtor is not entitled to any surplus; and

11 (2) The obligor is not liable for any deficiency.

12 (f) [Reserved]

13 (g) **Cash proceeds received by junior secured party.** A secured  
14 party that receives cash proceeds of a disposition in good faith and  
15 without knowledge that the receipt violates the rights of the holder of  
16 a security interest or other lien that is not subordinate to the  
17 security interest or agricultural lien under which the disposition is  
18 made:

19 (1) Takes the cash proceeds free of the security interest or other  
20 lien;

21 (2) Is not obligated to apply the proceeds of the disposition to  
22 the satisfaction of obligations secured by the security interest or  
23 other lien; and

24 (3) Is not obligated to account to or pay the holder of the  
25 security interest or other lien for any surplus.

26 NEW SECTION. **Sec. 9A-616.** EXPLANATION OF CALCULATION OF SURPLUS  
27 OR DEFICIENCY. (a) **Definitions.** In this section:

28 (1) "Explanation" means a writing that:

29 (A) States the amount of the surplus or deficiency;

30 (B) Provides an explanation in accordance with subsection (c) of  
31 this section of how the secured party calculated the surplus or  
32 deficiency;

33 (C) States, if applicable, that future debits, credits, charges,  
34 including additional credit service charges or interest, rebates, and  
35 expenses may affect the amount of the surplus or deficiency; and

36 (D) Provides a telephone number or mailing address from which  
37 additional information concerning the transaction is available.

38 (2) "Request" means a record:

- 1 (A) Authenticated by a debtor or consumer obligor;
- 2 (B) Requesting that the recipient provide an explanation; and
- 3 (C) Sent after disposition of the collateral under RCW 62A.9A-610.

4 (b) **Explanation of calculation.** In a consumer-goods transaction in  
5 which the debtor is entitled to a surplus or a consumer obligor is  
6 liable for a deficiency under RCW 62A.9A-615, the secured party shall:

7 (1) Send an explanation to the debtor or consumer obligor, as  
8 applicable, after the disposition and:

9 (A) Before or when the secured party accounts to the debtor and  
10 pays any surplus or first makes written demand on the consumer obligor  
11 after the disposition for payment of the deficiency; and

12 (B) Within fourteen days after receipt of a request; or

13 (2) In the case of a consumer obligor who is liable for a  
14 deficiency, within fourteen days after receipt of a request, send to  
15 the consumer obligor a record waiving the secured party's right to a  
16 deficiency.

17 (c) **Required information.** To comply with subsection (a)(1)(B) of  
18 this section, a writing must provide the following information in the  
19 following order:

20 (1) The aggregate amount of obligations secured by the security  
21 interest under which the disposition was made, and, if the amount  
22 reflects a rebate of unearned interest or credit service charge, an  
23 indication of that fact, calculated as of a specified date:

24 (A) If the secured party takes or receives possession of the  
25 collateral after default, not more than thirty-five days before the  
26 secured party takes or receives possession; or

27 (B) If the secured party takes or receives possession of the  
28 collateral before default or does not take possession of the  
29 collateral, not more than thirty-five days before the disposition;

30 (2) The amount of proceeds of the disposition;

31 (3) The aggregate amount of the obligations after deducting the  
32 amount of proceeds;

33 (4) The amount, in the aggregate or by type, and types of expenses,  
34 including expenses of retaking, holding, preparing for disposition,  
35 processing, and disposing of the collateral, and attorneys' fees  
36 secured by the collateral which are known to the secured party and  
37 relate to the current disposition;

38 (5) The amount, in the aggregate or by type, and types of credits,  
39 including rebates of interest or credit service charges, to which the



1 obligor is known to be entitled and which are not reflected in the  
2 amount in (1) of this subsection; and

3 (6) The amount of the surplus or deficiency.

4 (d) **Substantial compliance.** A particular phrasing of the  
5 explanation is not required. An explanation complying substantially  
6 with the requirements of subsection (a) of this section is sufficient,  
7 even if it includes minor errors that are not seriously misleading.

8 (e) **Charges for responses.** A debtor or consumer obligor is  
9 entitled without charge to one response to a request under this section  
10 during any six-month period in which the secured party did not send to  
11 the debtor or consumer obligor an explanation pursuant to subsection  
12 (b)(1) of this section. The secured party may require payment of a  
13 charge not exceeding twenty-five dollars for each additional response.

14 NEW SECTION. Sec. 9A-617. RIGHTS OF TRANSFEREE OF COLLATERAL.

15 (a) **Effects of disposition.** A secured party's disposition of  
16 collateral after default:

17 (1) Transfers to a transferee for value all of the debtor's rights  
18 in the collateral;

19 (2) Discharges the security interest under which the disposition is  
20 made; and

21 (3) Discharges any subordinate security interest or other  
22 subordinate lien.

23 (b) **Rights of good-faith transferee.** A transferee that acts in  
24 good faith takes free of the rights and interests described in  
25 subsection (a) of this section, even if the secured party fails to  
26 comply with this Article or the requirements of any judicial  
27 proceeding.

28 (c) **Rights of other transferee.** If a transferee does not take free  
29 of the rights and interests described in subsection (a) of this  
30 section, the transferee takes the collateral subject to:

31 (1) The debtor's rights in the collateral;

32 (2) The security interest or agricultural lien under which the  
33 disposition is made; and

34 (3) Any other security interest or other lien.

35 NEW SECTION. Sec. 9A-618. RIGHTS AND DUTIES OF CERTAIN SECONDARY

36 OBLIGORS. (a) **Rights and duties of secondary obligor.** A secondary

1 obligor acquires the rights and becomes obligated to perform the duties  
2 of the secured party after the secondary obligor:

3 (1) Receives an assignment of a secured obligation from the secured  
4 party;

5 (2) Receives a transfer of collateral from the secured party and  
6 agrees to accept the rights and assume the duties of the secured party;  
7 or

8 (3) Is subrogated to the rights of a secured party with respect to  
9 collateral.

10 (b) **Effect of assignment, transfer, or subrogation.** An assignment,  
11 transfer, or subrogation described in subsection (a) of this section:

12 (1) Is not a disposition of collateral under RCW 62A.9A-610; and

13 (2) Relieves the secured party of further duties under this  
14 Article.

15 NEW SECTION. **Sec. 9A-619.** TRANSFER OF RECORD OR LEGAL TITLE. (a)  
16 **"Transfer statement."** In this section, "transfer statement" means a  
17 record authenticated by a secured party stating:

18 (1) That the debtor has defaulted in connection with an obligation  
19 secured by specified collateral;

20 (2) That the secured party has exercised its post-default remedies  
21 with respect to the collateral;

22 (3) That, by reason of the exercise, a transferee has acquired the  
23 rights of the debtor in the collateral; and

24 (4) The name and mailing address of the secured party, debtor, and  
25 transferee.

26 (b) **Effect of transfer statement.** A transfer statement entitles  
27 the transferee to the transfer of record of all rights of the debtor in  
28 the collateral specified in the statement in any official filing,  
29 recording, registration, or certificate-of-title system covering the  
30 collateral. If a transfer statement is presented with the applicable  
31 fee and request form to the official or office responsible for  
32 maintaining the system, the official or office shall:

33 (1) Accept the transfer statement;

34 (2) Promptly amend its records to reflect the transfer; and

35 (3) If applicable, issue a new appropriate certificate of title in  
36 the name of the transferee.

37 (c) **Transfer not a disposition; no relief of secured party's**  
38 **duties.** A transfer of the record or legal title to collateral to a

1 secured party under subsection (b) of this section or otherwise is not  
2 of itself a disposition of collateral under this Article and does not  
3 of itself relieve the secured party of its duties under this Article.

4 NEW SECTION. **Sec. 9A-620.** ACCEPTANCE OF COLLATERAL IN FULL OR  
5 PARTIAL SATISFACTION OF OBLIGATION; COMPULSORY DISPOSITION OF  
6 COLLATERAL. (a) **Conditions to acceptance in satisfaction.** A secured  
7 party may accept collateral in full or partial satisfaction of the  
8 obligation it secures only if:

9 (1) The debtor consents to the acceptance under subsection (c) of  
10 this section;

11 (2) The secured party does not receive, within the time set forth  
12 in subsection (d) of this section, a notification of objection to the  
13 proposal authenticated by:

14 (A) A person to which the secured party was required to send a  
15 proposal under RCW 62A.9A-621; or

16 (B) Any other person, other than the debtor, holding an interest in  
17 the collateral subordinate to the security interest that is the subject  
18 of the proposal; and

19 (3) Subsection (e) of this section does not require the secured  
20 party to dispose of the collateral or the debtor waives the requirement  
21 pursuant to RCW 62A.9A-624.

22 (b) **Purported acceptance ineffective.** A purported or apparent  
23 acceptance of collateral under this section is ineffective unless:

24 (1) The secured party consents to the acceptance in an  
25 authenticated record or sends a proposal to the debtor; and

26 (2) The conditions of subsection (a) of this section are met.

27 (c) **Debtor's consent.** For purposes of this section:

28 (1) A debtor consents to an acceptance of collateral in partial  
29 satisfaction of the obligation it secures only if the debtor agrees to  
30 the terms of the acceptance in a record authenticated after default;  
31 and

32 (2) A debtor consents to an acceptance of collateral in full  
33 satisfaction of the obligation it secures only if the debtor agrees to  
34 the terms of the acceptance in a record authenticated after default or  
35 the secured party:

36 (A) Sends to the debtor after default a proposal that is  
37 unconditional or subject only to a condition that collateral not in the  
38 possession of the secured party be preserved or maintained;

1 (B) In the proposal, proposes to accept collateral in full  
2 satisfaction of the obligation it secures; and

3 (C) Does not receive a notification of objection authenticated by  
4 the debtor within twenty days after the proposal is sent.

5 (d) **Effectiveness of notification.** To be effective under  
6 subsection (a)(2) of this section, a notification of objection must be  
7 received by the secured party:

8 (1) In the case of a person to which the proposal was sent pursuant  
9 to RCW 62A.9A-621, within twenty days after notification was sent to  
10 that person; and

11 (2) In other cases:

12 (A) Within twenty days after the last notification was sent  
13 pursuant to RCW 62A.9A-621; or

14 (B) If a notification was not sent, before the debtor consents to  
15 the acceptance under subsection (c) of this section.

16 (e) **Mandatory disposition of consumer goods.** A secured party that  
17 has taken possession of collateral shall dispose of the collateral  
18 pursuant to RCW 62A.9A-610 within the time specified in subsection (f)  
19 of this section if:

20 (1) Sixty percent of the cash price has been paid in the case of a  
21 purchase-money security interest in consumer goods; or

22 (2) Sixty percent of the principal amount of the obligation secured  
23 has been paid in the case of a nonpurchase-money security interest in  
24 consumer goods.

25 (f) **Compliance with mandatory disposition requirement.** To comply  
26 with subsection (e) of this section, the secured party shall dispose of  
27 the collateral:

28 (1) Within ninety days after taking possession; or

29 (2) Within any longer period to which the debtor and all secondary  
30 obligors have agreed in an agreement to that effect entered into and  
31 authenticated after default.

32 NEW SECTION. **Sec. 9A-621.** NOTIFICATION OF PROPOSAL TO ACCEPT  
33 COLLATERAL. (a) **Persons to which proposal to be sent.** A secured party  
34 that desires to accept collateral in full or partial satisfaction of  
35 the obligation it secures shall send its proposal to:

36 (1) Any other secured party or lienholder that, ten days before the  
37 debtor consented to the acceptance, held a security interest in or

1 other lien on the collateral perfected by the filing of a financing  
2 statement that:

3 (A) Identified the collateral;

4 (B) Was indexed under the debtor's name as of that date; and

5 (C) Was filed in the office or offices in which to file a financing  
6 statement against the debtor covering the collateral as of that date;  
7 and

8 (2) Any other secured party that, ten days before the debtor  
9 consented to the acceptance, held a security interest in the collateral  
10 perfected by compliance with a statute, regulation, or treaty described  
11 in RCW 62A.9A-311(a).

12 (b) **Proposal to be sent to secondary obligor in partial**  
13 **satisfaction.** A secured party that desires to accept collateral in  
14 partial satisfaction of the obligation it secures shall send its  
15 proposal to any secondary obligor in addition to the persons described  
16 in subsection (a) of this section.

17 NEW SECTION. **Sec. 9A-622.** EFFECT OF ACCEPTANCE OF COLLATERAL.

18 (a) **Effect of acceptance.** A secured party's acceptance of collateral  
19 in full or partial satisfaction of the obligation it secures:

20 (1) Discharges the obligation to the extent consented to by the  
21 debtor;

22 (2) Transfers to the secured party all of a debtor's rights in the  
23 collateral;

24 (3) Discharges the security interest or agricultural lien that is  
25 the subject of the debtor's consent and any subordinate security  
26 interest or other subordinate lien; and

27 (4) Terminates any other subordinate interest.

28 (b) **Discharge of subordinate interest notwithstanding**  
29 **noncompliance.** A subordinate interest is discharged or terminated  
30 under subsection (a) of this section, even if the secured party fails  
31 to comply with this Article.

32 NEW SECTION. **Sec. 9A-623.** RIGHT TO REDEEM COLLATERAL. (a)

33 **Persons that may redeem.** A debtor, any secondary obligor, or any other  
34 secured party or lienholder may redeem collateral.

35 (b) **Requirements for redemption.** To redeem collateral, a person  
36 shall tender:

37 (1) Fulfillment of all obligations secured by the collateral; and

1 (2) The reasonable expenses and attorneys' fees described in RCW  
2 62A.9A-615(a)(1).

3 (c) **When redemption may occur.** A redemption may occur at any time  
4 before a secured party:

5 (1) Has collected collateral under RCW 62A.9A-607;

6 (2) Has disposed of collateral or entered into a contract for its  
7 disposition under RCW 62A.9A-610; or

8 (3) Has accepted collateral in full or partial satisfaction of the  
9 obligation it secures under RCW 62A.9A-622.

10 NEW SECTION. Sec. 9A-624. WAIVER. (a) **Waiver of disposition**  
11 **notification.** A debtor may waive the right to notification of  
12 disposition of collateral under RCW 62A.9A-611 only by an agreement to  
13 that effect entered into and authenticated after default.

14 (b) **Waiver of mandatory disposition.** A debtor may waive the right  
15 to require disposition of collateral under RCW 62A.9A-620(e) only by an  
16 agreement to that effect entered into and authenticated after default.

17 (c) **Waiver of redemption right.** Except in a consumer-goods  
18 transaction, a debtor or secondary obligor may waive the right to  
19 redeem collateral under RCW 62A.9A-623 only by an agreement to that  
20 effect entered into and authenticated after default.

21 NEW SECTION. Sec. 9A-625. REMEDIES FOR SECURED PARTY'S FAILURE TO  
22 COMPLY WITH ARTICLE. (a) **Judicial orders concerning noncompliance.** If  
23 it is established that a secured party is not proceeding in accordance  
24 with this Article, a court may order or restrain collection,  
25 enforcement, or disposition of collateral on appropriate terms and  
26 conditions.

27 (b) **Damages for noncompliance.** Subject to subsections (c), (d),  
28 and (f) of this section, a person is liable for damages in the amount  
29 of any loss caused by a failure to comply with this Article or by  
30 filing a false statement under RCW 62A.9A-607(b) or 62A.9A-619. Loss  
31 caused by a failure to comply with a request under RCW 62A.9A-210 may  
32 include loss resulting from the debtor's inability to obtain, or  
33 increased costs of, alternative financing.

34 (c) **Persons entitled to recover damages; statutory damages in**  
35 **consumer-goods transaction.** Except as otherwise provided in RCW  
36 62A.9A-628:

1 (1) A person that, at the time of the failure, was a debtor, was an  
2 obligor, or held a security interest in or other lien on the collateral  
3 may recover damages under subsection (b) of this section for its loss;  
4 and

5 (2) If the collateral is consumer goods, a person that was a debtor  
6 or a secondary obligor at the time a secured party failed to comply  
7 with this part may recover for that failure in any event an amount not  
8 less than the credit service charge plus ten percent of the principal  
9 amount of the obligation or the time-price differential plus ten  
10 percent of the cash price.

11 (d) **Recovery when deficiency eliminated or reduced.** A debtor whose  
12 deficiency is eliminated under RCW 62A.9A-626 may recover damages for  
13 the loss of any surplus. However, a debtor or secondary obligor whose  
14 deficiency is eliminated or reduced under RCW 62A.9A-626 may not  
15 otherwise recover under subsection (b) of this section for  
16 noncompliance with the provisions of this part relating to collection,  
17 enforcement, disposition, or acceptance.

18 (e) **Statutory damages: Noncompliance with specified provisions.**  
19 In addition to any damages recoverable under subsection (b) of this  
20 section, the debtor, consumer obligor, or person named as a debtor in  
21 a filed record, as applicable, may recover five hundred dollars in each  
22 case from a person that:

23 (1) Fails to comply with RCW 62A.9A-208;

24 (2) Fails to comply with RCW 62A.9A-209;

25 (3) Files a record that the person is not entitled to file under  
26 RCW 62A.9A-509(a);

27 (4) Fails to cause the secured party of record to file or send a  
28 termination statement as required by RCW 62A.9A-513 (a) or (c) within  
29 twenty days after the secured party receives an authenticated demand  
30 from a debtor;

31 (5) Fails to comply with RCW 62A.9A-616(b)(1) and whose failure is  
32 part of a pattern, or consistent with a practice, of noncompliance; or

33 (6) Fails to comply with RCW 62A.9A-616(b)(2).

34 (f) **Statutory damages: Noncompliance with RCW 62A.9A-210.** A  
35 debtor or consumer obligor may recover damages under subsection (b) of  
36 this section and, in addition, five hundred dollars in each case from  
37 a person that, without reasonable cause, fails to comply with a request  
38 under RCW 62A.9A-210. A recipient of a request under RCW 62A.9A-210  
39 which never claimed an interest in the collateral or obligations that

1 are the subject of a request under RCW 62A.9A-210 has a reasonable  
2 excuse for failure to comply with the request within the meaning of  
3 this subsection.

4 (g) **Limitation of security interest: Noncompliance with RCW**  
5 **62A.9A-210.** If a secured party fails to comply with a request  
6 regarding a list of collateral or a statement of account under RCW  
7 62A.9A-210, the secured party may claim a security interest only as  
8 shown in the statement included in the request as against a person that  
9 is reasonably misled by the failure.

10 NEW SECTION. **Sec. 9A-626.** ACTION IN WHICH DEFICIENCY OR SURPLUS  
11 IS IN ISSUE. (a) **Applicable rules if amount of deficiency or surplus**  
12 **in issue.** In an action arising from a transaction in which the amount  
13 of a deficiency or surplus is in issue, the following rules apply:

14 (1) A secured party need not prove compliance with the provisions  
15 of this part relating to collection, enforcement, disposition, or  
16 acceptance unless the debtor or a secondary obligor places the secured  
17 party's compliance in issue.

18 (2) If the secured party's compliance is placed in issue, the  
19 secured party has the burden of establishing that the collection,  
20 enforcement, disposition, or acceptance was conducted in accordance  
21 with this part.

22 (3) Except as otherwise provided in RCW 62A.9A-628, if a secured  
23 party fails to prove that the collection, enforcement, disposition, or  
24 acceptance was conducted in accordance with the provisions of this part  
25 relating to collection, enforcement, disposition, or acceptance, the  
26 liability of a debtor or a secondary obligor for a deficiency is  
27 limited to an amount by which the sum of the secured obligation,  
28 expenses, and attorneys' fees exceeds the greater of:

29 (A) The proceeds of the collection, enforcement, disposition, or  
30 acceptance; or

31 (B) The amount of proceeds that would have been realized had the  
32 noncomplying secured party proceeded in accordance with the provisions  
33 of this part relating to collection, enforcement, disposition, or  
34 acceptance.

35 (4) For purposes of (3)(B) of this subsection, the amount of  
36 proceeds that would have been realized is equal to the sum of the  
37 secured obligation, expenses, and attorneys' fees unless the secured  
38 party proves that the amount is less than that sum.



1 (b) [Reserved]

2 NEW SECTION. **Sec. 9A-627.** DETERMINATION OF WHETHER CONDUCT WAS  
3 **COMMERCIALLY REASONABLE.** (a) **Greater amount obtainable under other**  
4 **circumstances; no preclusion of commercial reasonableness.** The fact  
5 that a greater amount could have been obtained by a collection,  
6 enforcement, disposition, or acceptance at a different time or in a  
7 different method from that selected by the secured party is not of  
8 itself sufficient to preclude the secured party from establishing that  
9 the collection, enforcement, disposition, or acceptance was made in a  
10 commercially reasonable manner.

11 (b) **Dispositions that are commercially reasonable.** A disposition  
12 of collateral is made in a commercially reasonable manner if the  
13 disposition is made:

14 (1) In the usual manner on any recognized market;

15 (2) At the price current in any recognized market at the time of  
16 the disposition; or

17 (3) Otherwise in conformity with reasonable commercial practices  
18 among dealers in the type of property that was the subject of the  
19 disposition.

20 (c) **Approval by court or on behalf of creditors.** A collection,  
21 enforcement, disposition, or acceptance is commercially reasonable if  
22 it has been approved:

23 (1) In a judicial proceeding;

24 (2) By a bona fide creditors' committee;

25 (3) By a representative of creditors; or

26 (4) By an assignee for the benefit of creditors.

27 (d) **Approval under subsection (c) of this section not necessary;**  
28 **absence of approval has no effect.** Approval under subsection (c) of  
29 this section need not be obtained, and lack of approval does not mean  
30 that the collection, enforcement, disposition, or acceptance is not  
31 commercially reasonable.

32 NEW SECTION. **Sec. 9A-628.** NONLIABILITY AND LIMITATION ON  
33 **LIABILITY OF SECURED PARTY; LIABILITY OF SECONDARY OBLIGOR.** (a)  
34 **Limitation of liability to debtor or obligor.** Unless a secured party  
35 knows that a person is a debtor or obligor, knows the identity of the  
36 person, and knows how to communicate with the person:

1 (1) The secured party is not liable to the person, or to a secured  
2 party or lienholder that has filed a financing statement against the  
3 person, for failure to comply with this Article; and

4 (2) The secured party's failure to comply with this Article does  
5 not affect the liability of the person for a deficiency.

6 (b) **Limitation of liability to debtor, obligor, another secured**  
7 **party, or lienholder.** A secured party is not liable because of its  
8 status as secured party:

9 (1) To a person that is a debtor or obligor, unless the secured  
10 party knows:

11 (A) That the person is a debtor or obligor;

12 (B) The identity of the person; and

13 (C) How to communicate with the person; or

14 (2) To a secured party or lienholder that has filed a financing  
15 statement against a person, unless the secured party knows:

16 (A) That the person is a debtor; and

17 (B) The identity of the person.

18 (c) **Limitation of liability if reasonable belief that transaction**  
19 **not a consumer-goods transaction or consumer transaction.** A secured  
20 party is not liable to any person, and a person's liability for a  
21 deficiency is not affected, because of any act or omission arising out  
22 of the secured party's reasonable belief that a transaction is not a  
23 consumer-goods transaction or a consumer transaction or that goods are  
24 not consumer goods, if the secured party's belief is based on its  
25 reasonable reliance on:

26 (1) A debtor's representation concerning the purpose for which  
27 collateral was to be used, acquired, or held; or

28 (2) An obligor's representation concerning the purpose for which a  
29 secured obligation was incurred.

30 (d) **Limitation of liability for statutory damages.** A secured party  
31 is not liable to any person under RCW 62A.9A-625(c)(2) for its failure  
32 to comply with RCW 62A.9A-616.

33 (e) **Limitation of multiple liability for statutory damages.** A  
34 secured party is not liable under RCW 62A.9A-625(c)(2) more than once  
35 with respect to any one secured obligation.

36 PART 7

37 TRANSITION

1        NEW SECTION.    **Sec. 9A-701.**    EFFECTIVE DATE.    This act takes effect  
2    July 1, 2001.

3        NEW SECTION.    **Sec. 9A-702.**    SAVINGS CLAUSE.    (a) **Preeffective-date**  
4    **transactions or liens.**    Except as otherwise provided in this section,  
5    this act applies to a transaction or lien within its scope, even if the  
6    transaction or lien was entered into or created before this act takes  
7    effect.

8        (b) **Continuing validity.**    Except as otherwise provided in  
9    subsection (c) of this section and RCW 62A.9A-703 through 62A.9A-708:

10        (1) Transactions and liens that were not governed by Article 62A.9  
11    RCW, were validly entered into or created before this act takes effect,  
12    and would be subject to this act if they had been entered into or  
13    created after this act takes effect, and the rights, duties, and  
14    interests flowing from those transactions and liens remain valid after  
15    this act takes effect; and

16        (2) The transactions and liens may be terminated, completed,  
17    consummated, and enforced as required or permitted by this act or by  
18    the law that otherwise would apply if this act had not taken effect.

19        (c) **Preeffective-date proceedings.**    This act does not affect an  
20    action, case, or proceeding commenced before this act takes effect.

21        NEW SECTION.    **Sec. 9A-703.**    SECURITY INTEREST PERFECTED BEFORE  
22    EFFECTIVE DATE.    (a) **Continuing priority over lien creditor:**

23    **Perfection requirements satisfied.**    A security interest that is  
24    enforceable immediately before this act takes effect and would have  
25    priority over the rights of a person that becomes a lien creditor at  
26    that time is a perfected security interest under this act if, when this  
27    act takes effect, the applicable requirements for enforceability and  
28    perfection under this act are satisfied without further action.

29        (b) **Continuing priority over lien creditor:    Perfection**  
30    **requirements not satisfied.**    Except as otherwise provided in RCW  
31    62A.9A-705, if, immediately before this act takes effect, a security  
32    interest is enforceable and would have priority over the rights of a  
33    person that becomes a lien creditor at that time, but the applicable  
34    requirements for enforceability or perfection under this act are not  
35    satisfied when this act takes effect, the security interest:

36        (1) Is a perfected security interest for one year after this act  
37    takes effect;

1 (2) Remains enforceable thereafter only if the security interest  
2 becomes enforceable under RCW 62A.9A-203 before the year expires; and  
3 (3) Remains perfected thereafter only if the applicable  
4 requirements for perfection under this act are satisfied before the  
5 year expires.

6 NEW SECTION. Sec. 9A-704. SECURITY INTEREST UNPERFECTED BEFORE  
7 EFFECTIVE DATE. A security interest that is enforceable immediately  
8 before this act takes effect but which would be subordinate to the  
9 rights of a person that becomes a lien creditor at that time:

10 (1) Remains an enforceable security interest for one year after  
11 this act takes effect;

12 (2) Remains enforceable thereafter if the security interest becomes  
13 enforceable under RCW 62A.9A-203 when this act takes effect or within  
14 one year thereafter; and

15 (3) Becomes perfected:

16 (A) Without further action, when this act takes effect if the  
17 applicable requirements for perfection under this act are satisfied  
18 before or at that time; or

19 (B) When the applicable requirements for perfection are satisfied  
20 if the requirements are satisfied after that time.

21 NEW SECTION. Sec. 9A-705. EFFECTIVENESS OF ACTION TAKEN BEFORE  
22 EFFECTIVE DATE. (a) **Preeffective-date action; one-year perfection**  
23 **period unless reperfected.** If action, other than the filing of a  
24 financing statement, is taken before this act takes effect and the  
25 action would have resulted in priority of a security interest over the  
26 rights of a person that becomes a lien creditor had the security  
27 interest become enforceable before this act takes effect, the action is  
28 effective to perfect a security interest that attaches under this act  
29 within one year after this act takes effect. An attached security  
30 interest becomes unperfected one year after this act takes effect  
31 unless the security interest becomes a perfected security interest  
32 under this act before the expiration of that period.

33 (b) **Preeffective-date filing.** The filing of a financing statement  
34 before this act takes effect is effective to perfect a security  
35 interest to the extent the filing would satisfy the applicable  
36 requirements for perfection under this act.

1 (c) **Preeffective-date filing in jurisdiction formerly governing**  
2 **perfection.** This act does not render ineffective an effective  
3 financing statement that, before this act takes effect, is filed and  
4 satisfies the applicable requirements for perfection under the law of  
5 the jurisdiction governing perfection as provided in RCW 62A.9A-103.  
6 However, except as otherwise provided in subsections (d) and (e) of  
7 this section and RCW 62A.9A-706, the financing statement ceases to be  
8 effective at the earlier of:

9 (1) The time the financing statement would have ceased to be  
10 effective under the law of the jurisdiction in which it is filed; or

11 (2) June 30, 2006.

12 (d) **Continuation statement.** The filing of a continuation statement  
13 after this act takes effect does not continue the effectiveness of the  
14 financing statement filed before this act takes effect. However, upon  
15 the timely filing of a continuation statement after this act takes  
16 effect and in accordance with the law of the jurisdiction governing  
17 perfection as provided in Part 3, the effectiveness of a financing  
18 statement filed in the same office in that jurisdiction before this act  
19 takes effect continues for the period provided by the law of that  
20 jurisdiction.

21 (e) **Application of subsection (c)(2) of this section to**  
22 **transmitting utility financing statement.** Subsection (c)(2) of this  
23 section applies to a financing statement that, before this act takes  
24 effect, is filed against a transmitting utility and satisfies the  
25 applicable requirements for perfection under the law of the  
26 jurisdiction governing perfection as provided in RCW 62A.9A-103 only to  
27 the extent that Part 3 provides that the law of a jurisdiction other  
28 than the jurisdiction in which the financing statement is filed governs  
29 perfection of a security interest in collateral covered by the  
30 financing statement.

31 (f) **Application of Part 5.** A financing statement that includes a  
32 financing statement filed before this act takes effect and a  
33 continuation statement filed after this act takes effect is effective  
34 only to the extent that it satisfies the requirements of Part 5 for an  
35 initial financing statement.

36 NEW SECTION. **Sec. 9A-706.** WHEN INITIAL FINANCING STATEMENT  
37 SUFFICES TO CONTINUE EFFECTIVENESS OF FINANCING STATEMENT. (a) **Initial**  
38 **financing statement in lieu of continuation statement.** The filing of

1 an initial financing statement in the office specified in RCW  
2 62A.9A-501 continues the effectiveness of a financing statement filed  
3 before this act takes effect if:

4 (1) The filing of an initial financing statement in that office  
5 would be effective to perfect a security interest under this act;

6 (2) The preeffective-date financing statement was filed in an  
7 office in another state or another office in this state; and

8 (3) The initial financing statement satisfies subsection (c) of  
9 this section.

10 (b) **Period of continued effectiveness.** The filing of an initial  
11 financing statement under subsection (a) of this section continues the  
12 effectiveness of the preeffective-date financing statement:

13 (1) If the initial financing statement is filed before this act  
14 takes effect, for the period provided in RCW 62A.9-403 with respect to  
15 a financing statement; and

16 (2) If the initial financing statement is filed after this act  
17 takes effect, for the period provided in RCW 62A.9A-515 with respect to  
18 an initial financing statement.

19 (c) **Requirements for initial financing statement under subsection**  
20 **(a) of this section.** To be effective for purposes of subsection (a) of  
21 this section, an initial financing statement must:

22 (1) Satisfy the requirements of Part 5 for an initial financing  
23 statement;

24 (2) Identify the preeffective-date financing statement by  
25 indicating the office in which the financing statement was filed and  
26 providing the dates of filing and file numbers, if any, of the  
27 financing statement and of the most recent continuation statement filed  
28 with respect to the financing statement; and

29 (3) Indicate that the preeffective-date financing statement remains  
30 effective.

31 NEW SECTION. **Sec. 9A-707.** PERSONS ENTITLED TO FILE INITIAL  
32 FINANCING STATEMENT OR CONTINUATION STATEMENT. A person may file an  
33 initial financing statement or a continuation statement under this part  
34 if:

35 (1) The secured party of record authorizes the filing; and

36 (2) The filing is necessary under this part:

37 (A) To continue the effectiveness of a financing statement filed  
38 before this act takes effect; or

1 (B) To perfect or continue the perfection of a security interest.

2 NEW SECTION. Sec. 9A-708. PRIORITY. (a) **Law governing priority.**  
3 This act determines the priority of conflicting claims to collateral.  
4 However, if the relative priorities of the claims were established  
5 before this act takes effect, Article 62A.9 RCW determines priority.

6 (b) **Priority if security interest becomes enforceable under RCW**  
7 **62A.9A-203.** For purposes of RCW 62A.9A-322(a), the priority of a  
8 security interest that becomes enforceable under RCW 62A.9A-203 dates  
9 from the time this act takes effect if the security interest is  
10 perfected under this act by the filing of a financing statement before  
11 this act takes effect which would not have been effective to perfect  
12 the security interest under Article 62A.9 RCW. This subsection does  
13 not apply to conflicting security interests each of which is perfected  
14 by the filing of such a financing statement.

15 PART 8  
16 AMENDATORY SECTIONS

17 **Sec. 9A-801.** RCW 62A.1-105 and 1997 c 56 s 19 are each amended to  
18 read as follows:

19 TERRITORIAL APPLICATION OF THE TITLE; PARTIES' POWER TO CHOOSE  
20 APPLICABLE LAW. (1) Except as provided hereafter in this section, when  
21 a transaction bears a reasonable relation to this state and also to  
22 another state or nation the parties may agree that the law either of  
23 this state or of such other state or nation shall govern their rights  
24 and duties. Failing such agreement this Title applies to transactions  
25 bearing an appropriate relation to this state.

26 (2) Where one of the following provisions of this Title specifies  
27 the applicable law, that provision governs and a contrary agreement is  
28 effective only to the extent permitted by the law (including the  
29 conflict of laws rules) so specified:

30 Rights of creditors against sold goods. RCW 62A.2-402.

31 Applicability of the Article on Leases. RCW 62A.2A-105 and 62A.2A-  
32 106.

33 Applicability of the Article on Bank Deposits and Collections. RCW  
34 62A.4-102.

35 Governing law in the Article on Funds Transfers. RCW 62A.4A-507.

36 (~~Applicability of the Article on~~) Letters of Credit. RCW 62A.5-  
37 116.

1 Applicability of the Article on Investment Securities. RCW 62A.8-  
2 110.

3 (~~Perfection provisions of the Article on Secured Transactions.~~  
4 ~~RCW 62A.9-103.~~) Law governing perfection, the effect of perfection or  
5 nonperfection, and the priority of security interests. RCW 62A.9A-301  
6 through 62A.9A-307.

7 **Sec. 9A-802.** RCW 62A.1-201 and 1996 c 77 s 1 are each amended to  
8 read as follows:

9 GENERAL DEFINITIONS. Subject to additional definitions contained  
10 in the subsequent Articles of this Title which are applicable to  
11 specific Articles or Parts thereof, and unless the context otherwise  
12 requires, in this Title:

13 (1) "Action" in the sense of a judicial proceeding includes  
14 recoupment, counterclaim, set-off, suit in equity and any other  
15 proceedings in which rights are determined.

16 (2) "Aggrieved party" means a party entitled to resort to a remedy.

17 (3) "Agreement" means the bargain of the parties in fact as found  
18 in their language or by implication from other circumstances including  
19 course of dealing or usage of trade or course of performance as  
20 provided in this Title (RCW 62A.1-205, RCW 62A.2-208, and RCW 62A.2A-  
21 207). Whether an agreement has legal consequences is determined by the  
22 provisions of this Title, if applicable; otherwise by the law of  
23 contracts (RCW 62A.1-103). (Compare "Contract".)

24 (4) "Bank" means any person engaged in the business of banking.

25 (5) "Bearer" means the person in possession of an instrument,  
26 document of title, or certificated security payable to bearer or  
27 indorsed in blank.

28 (6) "Bill of lading" means a document evidencing the receipt of  
29 goods for shipment issued by a person engaged in the business of  
30 transporting or forwarding goods, and includes an airbill. "Airbill"  
31 means a document serving for air transportation as a bill of lading  
32 does for marine or rail transportation, and includes an air consignment  
33 note or air waybill.

34 (7) "Branch" includes a separately incorporated foreign branch of  
35 a bank.

36 (8) "Burden of establishing" a fact means the burden of persuading  
37 the triers of fact that the existence of the fact is more probable than  
38 its non-existence.



1       (9) "Buyer in ordinary course of business" means a person ~~((who))~~  
2 that buys goods in good faith ~~((and))~~, without knowledge that the sale  
3 ~~((to him or her is in violation of))~~ violates the ~~((ownership))~~ rights  
4 ~~((or security interest))~~ of ~~((a third party))~~ another person in the  
5 goods ~~((buys))~~, and in the ordinary course from a person, other than a  
6 pawnbroker, in the business of selling goods of that kind ~~((but does~~  
7 ~~not include a pawnbroker))~~. ~~((All persons who sell minerals or the~~  
8 ~~like (including oil and gas) at wellhead or minehead shall be deemed to~~  
9 ~~be persons))~~ A person buys goods in the ordinary course if the sale to  
10 the person comports with the usual or customary practices in the kind  
11 of business in which the seller is engaged or with the seller's own  
12 usual or customary practices. A person that sells oil, gas, or other  
13 minerals at the wellhead or minehead is a person in the business of  
14 selling goods of that kind. ("Buying") A buyer in ordinary course of  
15 business may ((be)) buy for cash ((or)), by exchange of other property,  
16 or on secured or unsecured credit, and ~~((includes receiving))~~ may  
17 acquire goods or documents of title under a pre-existing contract for  
18 sale ~~((but does not include a transfer in bulk or as security for or in~~  
19 ~~total or partial satisfaction of a money debt))~~. Only a buyer that  
20 takes possession of the goods or has a right to recover the goods from  
21 the seller under Article 62A.2 RCW may be a buyer in ordinary course of  
22 business. A person that acquires goods in a transfer in bulk or as  
23 security for or in total or partial satisfaction of a money debt is not  
24 a buyer in ordinary course of business.

25       (10) "Conspicuous": A term or clause is conspicuous when it is so  
26 written that a reasonable person against whom it is to operate ought to  
27 have noticed it. A printed heading in capitals (as: NON-NEGOTIABLE  
28 BILL OF LADING) is conspicuous. Language in the body of a form is  
29 "conspicuous" if it is in larger or other contrasting type or color.  
30 But in a telegram any stated term is "conspicuous". Whether a term or  
31 clause is "conspicuous" or not is for decision by the court.

32       (11) "Contract" means the total legal obligation which results from  
33 the parties' agreement as affected by this Title and any other  
34 applicable rules of law. (Compare "Agreement".)

35       (12) "Creditor" includes a general creditor, a secured creditor, a  
36 lien creditor and any representative of creditors, including an  
37 assignee for the benefit of creditors, a trustee in bankruptcy, a  
38 receiver in equity and an executor or administrator of an insolvent  
39 debtor's or assignor's estate.

1 (13) "Defendant" includes a person in the position of defendant in  
2 a cross-action or counterclaim.

3 (14) "Delivery" with respect to instruments, documents of title,  
4 chattel paper, or certificated securities means voluntary transfer of  
5 possession.

6 (15) "Document of title" includes bill of lading, dock warrant,  
7 dock receipt, warehouse receipt or order for the delivery of goods, and  
8 also any other document which in the regular course of business or  
9 financing is treated as adequately evidencing that the person in  
10 possession of it is entitled to receive, hold and dispose of the  
11 document and the goods it covers. To be a document of title a document  
12 must purport to be issued by or addressed to a bailee and purport to  
13 cover goods in the bailee's possession which are either identified or  
14 are fungible portions of an identified mass.

15 (16) "Fault" means wrongful act, omission or breach.

16 (17) "Fungible" with respect to goods or securities means goods or  
17 securities of which any unit is, by nature or usage of trade, the  
18 equivalent of any other like unit. Goods which are not fungible shall  
19 be deemed fungible for the purposes of this Title to the extent that  
20 under a particular agreement or document unlike units are treated as  
21 equivalents.

22 (18) "Genuine" means free of forgery or counterfeiting.

23 (19) "Good faith" means honesty in fact in the conduct or  
24 transaction concerned.

25 (20) "Holder" with respect to a negotiable instrument, means the  
26 person in possession if the instrument is payable to bearer or, in the  
27 case of an instrument payable to an identified person, if the  
28 identified person is in possession. "Holder" with respect to a  
29 document of title means the person in possession if the goods are  
30 deliverable to bearer or to the order of the person in possession.

31 (21) To "honor" is to pay or to accept and pay, or where a credit  
32 so engages to purchase or discount a draft complying with the terms of  
33 the credit.

34 (22) "Insolvency proceedings" includes any assignment for the  
35 benefit of creditors or other proceedings intended to liquidate or  
36 rehabilitate the estate of the person involved.

37 (23) A person is "insolvent" who either has ceased to pay his or  
38 her debts in the ordinary course of business or cannot pay his or her

1 debts as they become due or is insolvent within the meaning of the  
2 federal bankruptcy law.

3 (24) "Money" means a medium of exchange authorized or adopted by a  
4 domestic or foreign government and includes a monetary unit of account  
5 established by an intergovernmental organization or by agreement  
6 between two or more nations.

7 (25) A person has "notice" of a fact when

8 (a) he or she has actual knowledge of it; or

9 (b) he or she has received a notice or notification of it; or

10 (c) from all the facts and circumstances known to him or her at the  
11 time in question he or she has reason to know that it exists.

12 A person "knows" or has "knowledge" of a fact when he or she has actual  
13 knowledge of it. "Discover" or "learn" or a word or phrase of similar  
14 import refers to knowledge rather than to reason to know. The time and  
15 circumstances under which a notice or notification may cease to be  
16 effective are not determined by this Title.

17 (26) A person "notifies" or "gives" a notice or notification to  
18 another by taking such steps as may be reasonably required to inform  
19 the other in ordinary course whether or not such other actually comes  
20 to know of it. A person "receives" a notice or notification when

21 (a) it comes to his or her attention; or

22 (b) it is duly delivered at the place of business through which the  
23 contract was made or at any other place held out by him or her as the  
24 place for receipt of such communications.

25 (27) Notice, knowledge or a notice or notification received by an  
26 organization is effective for a particular transaction from the time  
27 when it is brought to the attention of the individual conducting that  
28 transaction, and in any event from the time when it would have been  
29 brought to his or her attention if the organization had exercised due  
30 diligence. An organization exercises due diligence if it maintains  
31 reasonable routines for communicating significant information to the  
32 person conducting the transaction and there is reasonable compliance  
33 with the routines. Due diligence does not require an individual acting  
34 for the organization to communicate information unless such  
35 communication is part of his or her regular duties or unless he or she  
36 has reason to know of the transaction and that the transaction would be  
37 materially affected by the information.

38 (28) "Organization" includes a corporation, government or  
39 governmental subdivision or agency, business trust, estate, trust,

1 partnership or association, two or more persons having a joint or  
2 common interest, or any other legal or commercial entity.

3 (29) "Party", as distinct from "third party", means a person who  
4 has engaged in a transaction or made an agreement within this Title.

5 (30) "Person" includes an individual or an organization (See RCW  
6 62A.1-102).

7 (31) "Presumption" or "presumed" means that the trier of fact must  
8 find the existence of the fact presumed unless and until evidence is  
9 introduced which would support a finding of its nonexistence.

10 (32) "Purchase" includes taking by sale, discount, negotiation,  
11 mortgage, pledge, lien, security interest, issue or re-issue, gift or  
12 any other voluntary transaction creating an interest in property.

13 (33) "Purchaser" means a person who takes by purchase.

14 (34) "Remedy" means any remedial right to which an aggrieved party  
15 is entitled with or without resort to a tribunal.

16 (35) "Representative" includes an agent, an officer of a  
17 corporation or association, and a trustee, executor or administrator of  
18 an estate, or any other person empowered to act for another.

19 (36) "Rights" includes remedies.

20 (37) "Security interest" means an interest in personal property or  
21 fixtures which secures payment or performance of an obligation, except  
22 for lease-purchase agreements under chapter 63.19 RCW. (~~The retention~~  
23 ~~or reservation of title by a seller of goods notwithstanding shipment~~  
24 ~~or delivery to the buyer (RCW 62A.2-401) is limited in effect to a~~  
25 ~~reservation of a "security interest".)~~ The term also includes any  
26 interest of a consignor and a buyer of accounts ((~~or~~)), chattel paper  
27 ((which)), a payment intangible, or a promissory note in a transaction  
28 that is subject to Article 9. The special property interest of a buyer  
29 of goods on identification of such goods to a contract for sale under  
30 RCW 62A.2-401 is not a "security interest", but a buyer may also  
31 acquire a "security interest" by complying with Article 9. (~~Unless a~~  
32 ~~consignment is intended as security, reservation of title thereunder is~~  
33 ~~not a "security interest" but a consignment in any event is subject to~~  
34 ~~the provisions on consignment sales (RCW 62A.2-326).)~~ Except as  
35 otherwise provided in RCW 62A.2-505, the right of a seller or lessor of  
36 goods under Article 2 or 2A to retain or acquire possession of the  
37 goods is not a "security interest," but a seller or lessor may also  
38 acquire a "security interest" by complying with Article 9. The  
39 retention or reservation of title by a seller of goods notwithstanding

1 shipment or delivery to the buyer (RCW 62A.2-401) is limited in effect  
2 to a reservation of a "security interest."

3 Whether a transaction creates a lease or security interest is  
4 determined by the facts of each case. However, a transaction creates  
5 a security interest if the consideration the lessee is to pay the  
6 lessor for the right to possession and use of the goods is an  
7 obligation for the term of the lease not subject to termination by the  
8 lessee, and:

9 (a) The original term of the lease is equal to or greater than the  
10 remaining economic life of the goods;

11 (b) The lessee is bound to renew the lease for the remaining  
12 economic life of the goods or is bound to become the owner of the  
13 goods;

14 (c) The lessee has an option to renew the lease for the remaining  
15 economic life of the goods for no additional consideration or nominal  
16 additional consideration upon compliance with the lease agreement; or

17 (d) The lessee has an option to become the owner of the goods for  
18 no additional consideration or nominal additional consideration upon  
19 compliance with the lease agreement.

20 A transaction does not create a security interest merely because it  
21 provides that:

22 (a) The present value of the consideration the lessee is obligated  
23 to pay the lessor for the right to possession and use of the goods is  
24 substantially equal to or is greater than the fair market value of the  
25 goods at the time the lease is entered into;

26 (b) The lessee assumes risk of loss of the goods, or agrees to pay  
27 taxes, insurance, filing, recording, or registration fees, or service  
28 or maintenance costs with respect to the goods;

29 (c) The lessee has an option to renew the lease or to become the  
30 owner of the goods;

31 (d) The lessee has an option to renew the lease for a fixed rent  
32 that is equal to or greater than the reasonably predictable fair market  
33 rent for the use of the goods for the term of the renewal at the time  
34 the option is to be performed;

35 (e) The lessee has an option to become the owner of the goods for  
36 a fixed price that is equal to or greater than the reasonably  
37 predictable fair market value of the goods at the time the option is to  
38 be performed; or

1 (f) The amount of rental payments may or will be increased or  
2 decreased by reference to the amount realized by the lessor upon sale  
3 or disposition of the goods.

4 For purposes of this subsection (37):

5 (a) Additional consideration is not nominal if (i) when the option  
6 to renew the lease is granted to the lessee the rent is stated to be  
7 the fair market rent for the use of the goods for the term of the  
8 renewal determined at the time the option is to be performed, or (ii)  
9 when the option to become the owner of the goods is granted to the  
10 lessee the price is stated to be the fair market value of the goods  
11 determined at the time the option is to be performed. Additional  
12 consideration is nominal if it is less than the lessee's reasonably  
13 predictable cost of performing under the lease agreement if the option  
14 is not exercised;

15 (b) "Reasonably predictable" and "remaining economic life of the  
16 goods" are to be determined with reference to the facts and  
17 circumstances at the time the transaction is entered into; and

18 (c) "Present value" means the amount as of a date certain of one or  
19 more sums payable in the future, discounted to the date certain. The  
20 discount is determined by the interest rate specified by the parties if  
21 the rate is not manifestly unreasonable at the time the transaction is  
22 entered into; otherwise, the discount is determined by a commercially  
23 reasonable rate that takes into account the facts and circumstances of  
24 each case at the time the transaction was entered into.

25 (38) "Send" in connection with any writing or notice means to  
26 deposit in the mail or deliver for transmission by any other usual  
27 means of communication with postage or cost of transmission provided  
28 for and properly addressed and in the case of an instrument to an  
29 address specified thereon or otherwise agreed, or if there be none to  
30 any address reasonable under the circumstances. The receipt of any  
31 writing or notice within the time at which it would have arrived if  
32 properly sent has the effect of a proper sending.

33 (39) "Signed" includes any symbol executed or adopted by a party  
34 with present intention to authenticate a writing.

35 (40) "Surety" includes guarantor.

36 (41) "Telegram" includes a message transmitted by radio, teletype,  
37 cable, any mechanical method of transmission, or the like.

38 (42) "Term" means that portion of an agreement which relates to a  
39 particular matter.

1 (43) "Unauthorized" signature means one made without actual,  
2 implied or apparent authority and includes a forgery.

3 (44) "Value". Except as otherwise provided with respect to  
4 negotiable instruments and bank collections (RCW 62A.3-303, RCW 62A.4-  
5 210, and RCW 62A.4-211) a person gives "value" for rights if he or she  
6 acquires them

7 (a) in return for a binding commitment to extend credit or for the  
8 extension of immediately available credit whether or not drawn upon and  
9 whether or not a charge-back is provided for in the event of  
10 difficulties in collection; or

11 (b) as security for or in total or partial satisfaction of a  
12 preexisting claim; or

13 (c) by accepting delivery pursuant to a pre-existing contract for  
14 purchase; or

15 (d) generally, in return for any consideration sufficient to  
16 support a simple contract.

17 (45) "Warehouse receipt" means a receipt issued by a person engaged  
18 in the business of storing goods for hire.

19 (46) "Written" or "writing" includes printing, typewriting or any  
20 other intentional reduction to tangible form.

21 **Sec. 9A-803.** RCW 62A.2-103 and 1965 ex.s. c 157 s 2-103 are each  
22 amended to read as follows:

23 DEFINITIONS AND INDEX OF DEFINITIONS. (1) In this Article unless  
24 the context otherwise requires

25 (a) "Buyer" means a person who buys or contracts to buy goods.

26 (b) "Good faith" in the case of a merchant means honesty in fact  
27 and the observance of reasonable commercial standards of fair dealing  
28 in the trade.

29 (c) "Receipt" of goods means taking physical possession of them.

30 (d) "Seller" means a person who sells or contracts to sell goods.

31 (2) Other definitions applying to this Article or to specified  
32 Parts thereof, and the sections in which they appear are:

33 "Acceptance." RCW 62A.2-606.

34 "Banker's credit." RCW 62A.2-325.

35 "Between merchants." RCW 62A.2-104.

36 "Cancellation." RCW 62A.2-106(4).

37 "Commercial unit." RCW 62A.2-105.

38 "Confirmed credit." RCW 62A.2-325.

1	"Conforming to contract."	RCW 62A.2-106.
2	"Contract for sale."	RCW 62A.2-106.
3	"Cover."	RCW 62A.2-712.
4	"Entrusting."	RCW 62A.2-403.
5	"Financing agency."	RCW 62A.2-104.
6	"Future goods."	RCW 62A.2-105.
7	"Goods."	RCW 62A.2-105.
8	"Identification."	RCW 62A.2-501.
9	"Installment contract."	RCW 62A.2-612.
10	"Letter of credit."	RCW 62A.2-325.
11	"Lot."	RCW 62A.2-105.
12	"Merchant."	RCW 62A.2-104.
13	"Overseas."	RCW 62A.2-323.
14	"Person in position of seller."	RCW 62A.2-707.
15	"Present sale."	RCW 62A.2-106.
16	"Sale."	RCW 62A.2-106.
17	"Sale on approval."	RCW 62A.2-326.
18	"Sale or return."	RCW 62A.2-326.
19	"Termination."	RCW 62A.2-106.

20 (3) The following definitions in other Articles apply to this  
21 Article:

22	"Check."	RCW 62A.3-104.
23	"Consignee."	RCW 62A.7-102.
24	"Consignor."	RCW 62A.7-102.
25	"Consumer goods."	RCW (( <del>62A.9-109</del> )) <u>62A.9A-102</u> .
26	"Dishonor."	RCW (( <del>62A.3-507</del> )) <u>62A.3-502</u> .
27	"Draft."	RCW 62A.3-104.

28 (4) In addition Article 1 contains general definitions and  
29 principles of construction and interpretation applicable throughout  
30 this Article.

31 **Sec. 9A-804.** RCW 62A.2-210 and 1965 ex.s. c 157 s 2-210 are each  
32 amended to read as follows:

33 DELEGATION OF PERFORMANCE; ASSIGNMENT OF RIGHTS. (1) A party may  
34 perform his duty through a delegate unless otherwise agreed or unless  
35 the other party has a substantial interest in having his original  
36 promisor perform or control the acts required by the contract. No  
37 delegation of performance relieves the party delegating of any duty to  
38 perform or any liability for breach.



1           (2) Except as otherwise provided in RCW 62A.9A-406, unless  
2 otherwise agreed, all rights of either seller or buyer can be assigned  
3 except where the assignment would materially change the duty of the  
4 other party, or increase materially the burden or risk imposed on him  
5 by his contract, or impair materially his chance of obtaining return  
6 performance. A right to damages for breach of the whole contract or a  
7 right arising out of the assignor's due performance of his entire  
8 obligation can be assigned despite agreement otherwise.

9           (3) The creation, attachment, perfection, or enforcement of a  
10 security interest in the seller's interest under a contract is not a  
11 transfer that materially changes the duty of or increases materially  
12 the burden or risk imposed on the buyer or impairs materially the  
13 buyer's chance of obtaining return performance within the purview of  
14 subsection (2) of this section unless, and then only to the extent  
15 that, enforcement actually results in a delegation of material  
16 performance of the seller. Even in that event, the creation,  
17 attachment, perfection, and enforcement of the security interest remain  
18 effective, but (i) the seller is liable to the buyer for damages caused  
19 by the delegation to the extent that the damages could not reasonably  
20 be prevented by the buyer, and (ii) a court having jurisdiction may  
21 grant other appropriate relief, including cancellation of the contract  
22 for sale or an injunction against enforcement of the security interest  
23 or consummation of the enforcement.

24           (4) Unless the circumstances indicate the contrary a prohibition  
25 of assignment of "the contract" is to be construed as barring only the  
26 delegation to the assignee of the assignor's performance.

27           (~~(+4)~~) (5) An assignment of "the contract" or of "all my rights  
28 under the contract" or an assignment in similar general terms is an  
29 assignment of rights and unless the language or the circumstances (as  
30 in an assignment for security) indicate the contrary, it is a  
31 delegation of performance of the duties of the assignor and its  
32 acceptance by the assignee constitutes a promise by him to perform  
33 those duties. This promise is enforceable by either the assignor or  
34 the other party to the original contract.

35           (~~(+5)~~) (6) The other party may treat any assignment which  
36 delegates performance as creating reasonable grounds for insecurity and  
37 may without prejudice to his rights against the assignor demand  
38 assurances from the assignee (RCW 62A.2-609).

1        (7) Notwithstanding subsections (2) and (3) of this section, an  
2 assignment that would be a breach but for the provisions of RCW  
3 62A.9A-406 may create reasonable grounds for insecurity with respect to  
4 the due performance of the assignor (RCW 62A.2-609).

5        **Sec. 9A-805.** RCW 62A.2-326 and 1965 ex.s. c 157 s 2-326 are each  
6 amended to read as follows:

7        SALE ON APPROVAL AND SALE OR RETURN; ~~((CONSIGNMENT SALES AND))~~  
8 RIGHTS OF CREDITORS. (1) Unless otherwise agreed, if delivered goods  
9 may be returned by the buyer even though they conform to the contract,  
10 the transaction is

11        (a) a "sale on approval" if the goods are delivered primarily for  
12 use, and

13        (b) a "sale or return" if the goods are delivered primarily for  
14 resale.

15        (2) ~~((Except as provided in subsection (3),))~~ Goods held on  
16 approval are not subject to the claims of the buyer's creditors until  
17 acceptance; goods held on sale or return are subject to such claims  
18 while in the buyer's possession.

19        (3) ~~((Where goods are delivered to a person for sale and such~~  
20 ~~person maintains a place of business at which he deals in goods of the~~  
21 ~~kind involved, under a name other than the name of the person making~~  
22 ~~delivery, then with respect to claims of creditors of the person~~  
23 ~~conducting the business the goods are deemed to be on sale or return.~~  
24 ~~The provisions of this subsection are applicable even though an~~  
25 ~~agreement purports to reserve title to the person making delivery until~~  
26 ~~payment or resale or uses such words as "on consignment" or "on~~  
27 ~~memorandum". However, this subsection is not applicable if the person~~  
28 ~~making delivery~~

29        ~~(a) complies with an applicable law providing for a consignor's~~  
30 ~~interest or the like to be evidenced by a sign, or~~

31        ~~(b) establishes that the person conducting the business is~~  
32 ~~generally known by his creditors to be substantially engaged in selling~~  
33 ~~the goods of others, or~~

34        ~~(c) complies with the filing provisions of the Article on Secured~~  
35 ~~Transactions (Article 9).~~

36        ~~(4))~~ Any "or return" term of a contract for sale is to be treated  
37 as a separate contract for sale within the statute of frauds section of  
38 this Article (RCW 62A.2-201) and as contradicting the sale aspect of

1 the contract within the provisions of this Article on parol or  
2 extrinsic evidence (RCW 62A.2-202).

3 **Sec. 9A-806.** RCW 62A.2-502 and 1965 ex.s. c 157 s 2-502 are each  
4 amended to read as follows:

5 BUYER'S RIGHT TO GOODS ON SELLER'S INSOLVENCY. (1) Subject to  
6 subsections (2) and (3) of this section and even though the goods have  
7 not been shipped a buyer who has paid a part or all of the price of  
8 goods in which he has a special property under the provisions of the  
9 immediately preceding section may on making and keeping good a tender  
10 of any unpaid portion of their price recover them from the seller if:

11 (a) In the case of goods bought for personal, family, or household  
12 purposes, the seller repudiates or fails to deliver as required by the  
13 contract; or

14 (b) In all cases, the seller becomes insolvent within ten days  
15 after receipt of the first installment on their price.

16 (2) The buyer's right to recover the goods under subsection (1)(a)  
17 of this section vests upon acquisition of a special property, even if  
18 the seller had not then repudiated or failed to deliver.

19 (3) If the identification creating his special property has been  
20 made by the buyer he acquires the right to recover the goods only if  
21 they conform to the contract for sale.

22 **Sec. 9A-807.** RCW 62A.2-716 and 1965 ex.s. c 157 s 2-716 are each  
23 amended to read as follows:

24 BUYER'S RIGHT TO SPECIFIC PERFORMANCE OR REPLEVIN. (1) Specific  
25 performance may be decreed where the goods are unique or in other  
26 proper circumstances.

27 (2) The decree for specific performance may include such terms and  
28 conditions as to payment of the price, damages, or other relief as the  
29 court may deem just.

30 (3) The buyer has a right of replevin for goods identified to the  
31 contract if after reasonable effort he is unable to effect cover for  
32 such goods or the circumstances reasonably indicate that such effort  
33 will be unavailing or if the goods have been shipped under reservation  
34 and satisfaction of the security interest in them has been made or  
35 tendered. In the case of goods bought for personal, family, or  
36 household purposes, the buyer's right of replevin vests upon

1 acquisition of a special property, even if the seller had not then  
2 repudiated or failed to deliver.

3       **Sec. 9A-808.** RCW 62A.2A-103 and 1993 c 230 s 2A-103 are each  
4 amended to read as follows:

5       DEFINITIONS AND INDEX OF DEFINITIONS. (1) In this Article unless  
6 the context otherwise requires:

7       (a) "Buyer in ordinary course of business" means a person who in  
8 good faith and without knowledge that the sale to him or her is in  
9 violation of the ownership rights or security interest or leasehold  
10 interest of a third party in the goods buys in ordinary course from a  
11 person in the business of selling goods of that kind but does not  
12 include a pawnbroker. "Buying" may be for cash, or by exchange of  
13 other property, or on secured or unsecured credit, and includes  
14 receiving goods or documents of title under a preexisting contract for  
15 sale but does not include a transfer in bulk or as security for or in  
16 total or partial satisfaction of a money debt.

17       (b) "Cancellation" occurs when either party puts an end to the  
18 lease contract for default by the other party.

19       (c) "Commercial unit" means such a unit of goods as by commercial  
20 usage is a single whole for purposes of lease and division of which  
21 materially impairs its character or value on the market or in use. A  
22 commercial unit may be a single article, as a machine, or a set of  
23 articles, as a suite of furniture or a line of machinery, or a  
24 quantity, as a gross or carload, or any other unit treated in use or in  
25 the relevant market as a single whole.

26       (d) "Conforming" goods or performance under a lease contract means  
27 goods or performance that are in accordance with the obligations under  
28 the lease contract.

29       (e) "Consumer lease" means a lease that a lessor regularly engaged  
30 in the business of leasing or selling makes to a lessee who is an  
31 individual who takes under the lease primarily for a personal, family,  
32 or household purpose, if the total payments to be made under the lease  
33 contract, excluding payments for options to renew or buy, do not exceed  
34 twenty-five thousand dollars.

35       (f) "Fault" means wrongful act, omission, breach, or default.

36       (g) "Finance lease" means a lease with respect to which:

37       (i) The lessor does not select, manufacture, or supply the goods;

1 (ii) The lessor acquires the goods or the right to possession and  
2 use of the goods in connection with the lease; and

3 (iii) Only in the case of a consumer lease, either:

4 (A) The lessee receives a copy of the contract by which the lessor  
5 acquired the goods or the right to possession and use of the goods  
6 before signing the lease contract;

7 (B) The lessee's approval of the contract by which the lessor  
8 acquired the goods or the right to possession and use of the goods is  
9 a condition to effectiveness of the lease contract; or

10 (C) The lessee, before signing the lease contract, receives an  
11 accurate and complete statement designating the promises and  
12 warranties, and any disclaimers of warranties, limitations or  
13 modifications of remedies, or liquidated damages, including those of a  
14 third party, such as the manufacturer of the goods, provided to the  
15 lessor by the person supplying the goods in connection with or as part  
16 of the contract by which the lessor acquired the goods or the right to  
17 possession and use of the goods.

18 (h) "Goods" means all things that are movable at the time of  
19 identification to the lease contract, or are fixtures (RCW 62A.2A-309),  
20 but the term does not include money, documents, instruments, accounts,  
21 chattel paper, general intangibles, or minerals or the like, including  
22 oil and gas, before extraction. The term also includes the unborn  
23 young of animals.

24 (i) "Installment lease contract" means a lease contract that  
25 authorizes or requires the delivery of goods in separate lots to be  
26 separately accepted, even though the lease contract contains a clause  
27 "each delivery is a separate lease" or its equivalent.

28 (j) "Lease" means a transfer of the right to possession and use of  
29 goods for a term in return for consideration, but a sale, including a  
30 sale on approval or a sale or return, or retention or creation of a  
31 security interest is not a lease. Unless the context clearly indicates  
32 otherwise, the term includes a sublease.

33 (k) "Lease agreement" means the bargain, with respect to the  
34 lease, of the lessor and the lessee in fact as found in their language  
35 or by implication from other circumstances including course of dealing  
36 or usage of trade or course of performance as provided in this Article.  
37 Unless the context clearly indicates otherwise, the term includes a  
38 sublease agreement.

1 (l) "Lease contract" means the total legal obligation that results  
2 from the lease agreement as affected by this Article and any other  
3 applicable rules of law. Unless the context clearly indicates  
4 otherwise, the term includes a sublease contract.

5 (m) "Leasehold interest" means the interest of the lessor or the  
6 lessee under a lease contract.

7 (n) "Lessee" means a person who acquires the right to possession  
8 and use of goods under a lease. Unless the context clearly indicates  
9 otherwise, the term includes a sublessee.

10 (o) "Lessee in ordinary course of business" means a person who in  
11 good faith and without knowledge that the lease to him or her is in  
12 violation of the ownership rights or security interest or leasehold  
13 interest of a third party in the goods, leases in ordinary course from  
14 a person in the business of selling or leasing goods of that kind, but  
15 does not include a pawnbroker. "Leasing" may be for cash, or by  
16 exchange of other property, or on secured or unsecured credit and  
17 includes receiving goods or documents of title under a preexisting  
18 lease contract but does not include a transfer in bulk or as security  
19 for or in total or partial satisfaction of a money debt.

20 (p) "Lessor" means a person who transfers the right to possession  
21 and use of goods under a lease. Unless the context clearly indicates  
22 otherwise, the term includes a sublessor.

23 (q) "Lessor's residual interest" means the lessor's interest in  
24 the goods after expiration, termination, or cancellation of the lease  
25 contract.

26 (r) "Lien" means a charge against or interest in goods to secure  
27 payment of a debt or performance of an obligation, but the term does  
28 not include a security interest.

29 (s) "Lot" means a parcel or a single article that is the subject  
30 matter of a separate lease or delivery, whether or not it is sufficient  
31 to perform the lease contract.

32 (t) "Merchant lessee" means a lessee that is a merchant with  
33 respect to goods of the kind subject to the lease.

34 (u) "Present value" means the amount as of a date certain of one  
35 or more sums payable in the future, discounted to the date certain.  
36 The discount is determined by the interest rate specified by the  
37 parties if the rate was not manifestly unreasonable at the time the  
38 transaction was entered into; otherwise, the discount is determined by  
39 a commercially reasonable rate that takes into account the facts and

1 circumstances of each case at the time the transaction was entered  
2 into.

3 (v) "Purchase" includes taking by sale, lease, mortgage, security  
4 interest, pledge, gift, or any other voluntary transaction creating an  
5 interest in goods.

6 (w) "Sublease" means a lease of goods the right to possession and  
7 use of which was acquired by the lessor as a lessee under an existing  
8 lease.

9 (x) "Supplier" means a person from whom a lessor buys or leases  
10 goods to be leased under a finance lease.

11 (y) "Supply contract" means a contract under which a lessor buys  
12 or leases goods to be leased.

13 (z) "Termination" occurs when either party pursuant to a power  
14 created by agreement or law puts an end to the lease contract otherwise  
15 than for default.

16 (2) Other definitions applying to this Article or to specified  
17 Parts thereof, and the sections in which they appear are:

18 "Accessions." RCW 62A.2A-310(1).

19 "Construction mortgage." RCW 62A.2A-309(1)(d).

20 "Encumbrance." RCW 62A.2A-309(1)(e).

21 "Fixtures." RCW 62A.2A-309(1)(a).

22 "Fixture filing." RCW 62A.2A-309(1)(b).

23 "Purchase money lease." RCW 62A.2A-309(1)(c).

24 (3) The following definitions in other Articles apply to this  
25 Article:

26 "Account." RCW ((~~62A.9-106~~) 62A.9A-102(a)(2)).

27 "Between merchants." RCW 62A.2-104(3).

28 "Buyer." RCW 62A.2-103(1)(a).

29 "Chattel paper." RCW ((~~62A.9-105(1)(b)~~) 62A.9A-102(a)(11)).

30 "Consumer goods." RCW ((~~62A.9-109(1)~~) 62A.9A-102(a)(23)).

31 "Document." RCW ((~~62A.9-105(1)(f)~~) 62A.9A-102(a)(30)).

32 "Entrusting." RCW 62A.2-403(3).

33 "General

34 intangible(~~s~~)."

RCW ((~~62A.9-106~~) 62A.9A-102(a)(42)).

35 "Good faith." RCW 62A.2-103(1)(b).

36 "Instrument." RCW ((~~62A.9-105(1)(i)~~) 62A.9A-102(a)(47)).

37 "Merchant." RCW 62A.2-104(1).

38 "Mortgage." RCW ((~~62A.9-105(1)(j)~~) 62A.9A-102(a)(55)).

39 "Pursuant to commitment." RCW ((~~62A.9-105(1)(k)~~) 62A.9A-102(a)(68)).

1 "Receipt." RCW 62A.2-103(1)(c).  
2 "Sale." RCW 62A.2-106(1).  
3 "Sale on approval." RCW 62A.2-326.  
4 "Sale or return." RCW 62A.2-326.  
5 "Seller." RCW 62A.2-103(1)(d).

6 (4) In addition, Article 62A.1 RCW contains general definitions  
7 and principles of construction and interpretation applicable throughout  
8 this Article.

9 **Sec. 9A-809.** RCW 62A.2A-303 and 1993 c 230 s 2A-303 are each  
10 amended to read as follows:

11 ALIENABILITY OF PARTY'S INTEREST UNDER LEASE CONTRACT OR OF  
12 LESSOR'S RESIDUAL INTEREST IN GOODS; DELEGATION OF PERFORMANCE;  
13 TRANSFER OF RIGHTS. (1) As used in this section, "creation of a  
14 security interest" includes the sale of a lease contract that is  
15 subject to Article 9, Secured Transactions, by reason of RCW  
16 (~~62A.9-102(1)(b)~~) 62A.9A-109(a)(3).

17 (2) Except as provided in subsection(~~s~~) (3) of this section and  
18 (~~(4) of this section~~) RCW 62A.9A-407, a provision in a lease  
19 agreement which (a) prohibits the voluntary or involuntary transfer,  
20 including a transfer by sale, sublease, creation or enforcement of a  
21 security interest, or attachment, levy, or other judicial process, of  
22 an interest of a party under the lease contract or of the lessor's  
23 residual interest in the goods, or (b) makes such a transfer an event  
24 of default, gives rise to the rights and remedies provided in  
25 subsection (~~(5)~~) (4) of this section, but a transfer that is  
26 prohibited or is an event of default under the lease agreement is  
27 otherwise effective.

28 (3) (~~A provision in a lease agreement which (a) prohibits the~~  
29 ~~creation or enforcement of a security interest in an interest of a~~  
30 ~~party under the lease contract or in the lessor's residual interest in~~  
31 ~~the goods, or (b) makes such a transfer an event of default, is not~~  
32 ~~enforceable unless, and then only to the extent that, there is an~~  
33 ~~actual transfer by the lessee of the lessee's right of possession or~~  
34 ~~use of the goods in violation of the provision or an actual delegation~~  
35 ~~of a material performance of either party to the lease contract in~~  
36 ~~violation of the provision. Neither the granting nor the enforcement~~  
37 ~~of a security interest in (i) the lessor's interest under the lease~~  
38 ~~contract or (ii) the lessor's residual interest in the goods is a~~



1 transfer that materially impairs the prospect of obtaining return  
2 performance by, materially changes the duty of, or materially increases  
3 the burden or risk imposed on, the lessee within the purview of  
4 subsection (5) of this section unless, and then only to the extent  
5 that, there is an actual delegation of a material performance of the  
6 lessor.

7 (4)) A provision in a lease agreement which (i) prohibits a  
8 transfer of a right to damages for default with respect to the whole  
9 lease contract or of a right to payment arising out of the transferor's  
10 due performance of the transferor's entire obligation, or (ii) makes  
11 such a transfer an event of default, is not enforceable, and such a  
12 transfer is not a transfer that materially impairs the prospect of  
13 obtaining return performance by, materially changes the duty of, or  
14 materially increases the burden or risk imposed on, the other party to  
15 the lease contract within the purview of subsection ((+5)) (4) of this  
16 section.

17 ((+5)) (4) Subject to subsection((s)) (3) of this section and  
18 ((+4) of this section) RCW 62A.9A-407:

19 (a) If a transfer is made which is made an event of default under  
20 a lease agreement, the party to the lease contract not making the  
21 transfer, unless that party waives the default or otherwise agrees, has  
22 the rights and remedies described in RCW 62A.2A-501(2);

23 (b) If subsection ((+5)) (4)(a) of this section is not applicable  
24 and if a transfer is made that (i) is prohibited under a lease  
25 agreement or (ii) materially impairs the prospect of obtaining return  
26 performance by, materially changes the duty of, or materially increases  
27 the burden or risk imposed on, the other party to the lease contract,  
28 unless the party not making the transfer agrees at any time to the  
29 transfer in the lease contract or otherwise, then, except as limited by  
30 contract, (A) the transferor is liable to the party not making the  
31 transfer for damages caused by the transfer to the extent that the  
32 damages could not reasonably be prevented by the party not making the  
33 transfer and (B) a court having jurisdiction may grant other  
34 appropriate relief, including cancellation of the lease contract or an  
35 injunction against the transfer.

36 ((+6)) (5) A transfer of "the lease" or of "all my rights under  
37 the lease," or a transfer in similar general terms, is a transfer of  
38 rights and, unless the language or the circumstances, as in a transfer  
39 for security, indicate the contrary, the transfer is a delegation of

1 duties by the transferor to the transferee. Acceptance by the  
2 transferee constitutes a promise by the transferee to perform those  
3 duties. The promise is enforceable by either the transferor or the  
4 other party to the lease contract.

5 ~~((+7))~~ (6) Unless otherwise agreed by the lessor and the lessee,  
6 a delegation of performance does not relieve the transferor as against  
7 the other party of any duty to perform or of any liability for default.

8 ~~((+8))~~ (7) In a consumer lease, to prohibit the transfer of an  
9 interest of a party under the lease contract or to make a transfer an  
10 event of default, the language must be specific, by a writing, and  
11 conspicuous.

12 **Sec. 9A-810.** RCW 62A.2A-307 and 1993 c 230 s 2A-307 are each  
13 amended to read as follows:

14 PRIORITY OF LIENS ARISING BY ATTACHMENT OR LEVY ON, SECURITY  
15 INTERESTS IN, AND OTHER CLAIMS TO GOODS. (1) Except as otherwise  
16 provided in RCW 62A.2A-306, a creditor of a lessee takes subject to the  
17 lease contract.

18 (2) Except as otherwise provided in subsection~~((s))~~ (3) ~~((and~~  
19 ~~(4))~~) of this section and in RCW 62A.2A-306 and 62A.2A-308, a creditor  
20 of a lessor takes subject to the lease contract unless~~((:~~

21 ~~(a))~~ the creditor holds a lien that attached to the goods before  
22 the lease contract became enforceable~~((:~~

23 ~~(b) The creditor holds a security interest in the goods and the~~  
24 ~~lessee did not give value and receive delivery of the goods without~~  
25 ~~knowledge of the security interest; or~~

26 ~~(c) The creditor holds a security interest in the goods which was~~  
27 ~~perfected (RCW 62A.9-303) before the lease contract became~~  
28 ~~enforceable)).~~

29 (3) ~~((A lessee in the ordinary course of business takes the~~  
30 ~~leasehold interest free of a security interest in the goods created by~~  
31 ~~the lessor even though the security interest is perfected (RCW~~  
32 ~~62A.9-303) and the lessee knows of its existence.~~

33 ~~(4) A lessee other than a lessee in the ordinary course of~~  
34 ~~business takes the leasehold interest free of a security interest to~~  
35 ~~the extent that it secures future advances made after the secured party~~  
36 ~~acquires knowledge of the lease or more than forty five days after the~~  
37 ~~lease contract becomes enforceable, whichever first occurs, unless the~~  
38 ~~future advances are made pursuant to a commitment entered into without~~

1 knowledge of the lease and before the expiration of the forty-five day  
2 period.) Except as otherwise provided in RCW 62A.9A-317, 62A.9A-321,  
3 and 62A.9A-323, a lessee takes a leasehold interest subject to a  
4 security interest held by a creditor of the lessor.

5 **Sec. 9A-811.** RCW 62A.2A-309 and 1993 c 230 s 2A-309 are each  
6 amended to read as follows:

7 LESSOR'S AND LESSEE'S RIGHTS WHEN GOODS BECOME FIXTURES. (1) In  
8 this section:

9 (a) Goods are "fixtures" when they become so related to particular  
10 real estate that an interest in them arises under real estate law;

11 (b) A "fixture filing" is the filing, in the office where a record  
12 of a mortgage on the real estate would be filed or recorded, of a  
13 financing statement covering goods that are or are to become fixtures  
14 and conforming to the requirements of RCW ((~~62A.9-402(5)~~) 62A.9A-502  
15 (a) and (b));

16 (c) A lease is a "purchase money lease" unless the lessee has  
17 possession or use of the goods or the right to possession or use of the  
18 goods before the lease agreement is enforceable;

19 (d) A mortgage is a "construction mortgage" to the extent it  
20 secures an obligation incurred for the construction of an improvement  
21 on land including the acquisition cost of the land, if the recorded  
22 writing so indicates; and

23 (e) "Encumbrance" includes real estate mortgages and other liens  
24 on real estate and all other rights in real estate that are not  
25 ownership interests.

26 (2) Under this Article a lease may be of goods that are fixtures  
27 or may continue in goods that become fixtures, but no lease exists  
28 under this Article of ordinary building materials incorporated into an  
29 improvement on land.

30 (3) This Article does not prevent creation of a lease of fixtures  
31 pursuant to real estate law.

32 (4) The perfected interest of a lessor of fixtures has priority  
33 over a conflicting interest of an encumbrancer or owner of the real  
34 estate if:

35 (a) The lease is a purchase money lease, the conflicting interest  
36 of the encumbrancer or owner arises before the goods become fixtures,  
37 the interest of the lessor is perfected by a fixture filing before the  
38 goods become fixtures or within twenty days thereafter, and the lessee

1 has an interest of record in the real estate or is in possession of the  
2 real estate; or

3 (b) The interest of the lessor is perfected by a fixture filing  
4 before the interest of the encumbrancer or owner is of record, the  
5 lessor's interest has priority over any conflicting interest of a  
6 predecessor in title of the encumbrancer or owner, and the lessee has  
7 an interest of record in the real estate or is in possession of the  
8 real estate.

9 (5) The interest of a lessor of fixtures, whether or not  
10 perfected, has priority over the conflicting interest of an  
11 encumbrancer or owner of the real estate if:

12 (a) The fixtures are readily removable factory or office machines,  
13 readily removable equipment that is not primarily used or leased for  
14 use in the operation of the real estate, or readily removable  
15 replacements of domestic appliances that are goods subject to a  
16 consumer lease, and before the goods become fixtures the lease contract  
17 is enforceable; or

18 (b) The conflicting interest is a lien on the real estate obtained  
19 by legal or equitable proceedings after the lease contract is  
20 enforceable; or

21 (c) The encumbrancer or owner has consented in writing to the  
22 lease or has disclaimed an interest in the goods as fixtures; or

23 (d) The lessee has a right to remove the goods as against the  
24 encumbrancer or owner. If the lessee's right to remove terminates, the  
25 priority of the interest of the lessor continues for a reasonable time.

26 (6) Notwithstanding subsection (4)(a) of this section but  
27 otherwise subject to subsections (4) and (5) of this section, the  
28 interest of a lessor of fixtures, including the lessor's residual  
29 interest, is subordinate to the conflicting interest of an encumbrancer  
30 of the real estate under a construction mortgage recorded before the  
31 goods become fixtures if the goods become fixtures before the  
32 completion of the construction. To the extent given to refinance a  
33 construction mortgage, the conflicting interest of an encumbrancer of  
34 the real estate under a mortgage has this priority to the same extent  
35 as the encumbrancer of the real estate under the construction mortgage.

36 (7) In cases not within the preceding subsections, priority  
37 between the interest of a lessor of fixtures, including the lessor's  
38 residual interest, and the conflicting interest of an encumbrancer or

1 owner of the real estate who is not the lessee is determined by the  
2 priority rules governing conflicting interests in real estate.

3 (8) If the interest of a lessor of fixtures, including the  
4 lessor's residual interest, has priority over all conflicting interests  
5 of all owners and encumbrancers of the real estate, the lessor or the  
6 lessee may (a) on default, expiration, termination, or cancellation of  
7 the lease agreement but subject to the lease agreement and this  
8 Article, or (b) if necessary to enforce other rights and remedies of  
9 the lessor or lessee under this Article, remove the goods from the real  
10 estate, free and clear of all conflicting interests of all owners and  
11 encumbrancers of the real estate, but the lessor or lessee must  
12 reimburse any encumbrancer or owner of the real estate who is not the  
13 lessee and who has not otherwise agreed for the cost of repair of any  
14 physical injury, but not for any diminution in value of the real estate  
15 caused by the absence of the goods removed or by any necessity of  
16 replacing them. A person entitled to reimbursement may refuse  
17 permission to remove until the party seeking removal gives adequate  
18 security for the performance of this obligation.

19 (9) Even though the lease agreement does not create a security  
20 interest, the interest of a lessor of fixtures, including the lessor's  
21 residual interest, is perfected by filing a financing statement as a  
22 fixture filing for leased goods that are or are to become fixtures in  
23 accordance with the relevant provisions of the Article on Secured  
24 Transactions, Article ((62A.9)) 62A.9A RCW.

25 **Sec. 9A-812.** RCW 62A.2A-310 and 1993 c 230 s 2A-310 are each  
26 amended to read as follows:

27 LESSOR'S AND LESSEE'S RIGHTS WHEN GOODS BECOME ACCESSIONS. (1)  
28 Goods are "accessions" when they are installed in or affixed to other  
29 goods.

30 (2) The interest of a lessor or a lessee under a lease contract  
31 entered into before the goods became accessions is superior to all  
32 interests in the whole except as stated in subsection (4) of this  
33 section.

34 (3) The interest of a lessor or a lessee under a lease contract  
35 entered into at the time or after the goods became accessions is  
36 superior to all subsequently acquired interests in the whole except as  
37 stated in subsection (4) of this section but is subordinate to  
38 interests in the whole existing at the time the lease contract was made

1 unless the holders of such interests in the whole have in writing  
2 consented to the lease, or disclaimed an interest in the goods as part  
3 of the whole, or the accession is leased under tariff No. 74 for  
4 residential conversion burners leased by a natural gas utility.

5 (4) Unless the accession is leased under tariff No. 74 for  
6 residential conversion burners leased by a natural gas utility, the  
7 interest of a lessor or a lessee under a lease contract described in  
8 subsection (2) or (3) of this section is subordinate to the interest  
9 of:

10 (a) A buyer in the ordinary course of business or a lessee in the  
11 ordinary course of business of any interest in the whole acquired after  
12 the goods became accessions; (~~or~~)

13 (b) A creditor with a security interest in the whole perfected  
14 before the lease contract was made to the extent that the creditor  
15 makes subsequent advances without knowledge of the lease contract; or

16 (c) A creditor with a security interest in the whole which is  
17 perfected by compliance with the requirements of a certificate-of-title  
18 statute under RCW 62A.9A-311(b).

19 (5) When under subsections (2) or (3) and (4) of this section a  
20 lessor or a lessee of accessions holds an interest that is superior to  
21 all interests in the whole, the lessor or the lessee may (a) on  
22 default, expiration, termination, or cancellation of the lease contract  
23 by the other party but subject to the provisions of the lease contract  
24 and this Article, or (b) if necessary to enforce his or her other  
25 rights and remedies under this Article, remove the goods from the  
26 whole, free and clear of all interests in the whole, but he or she must  
27 reimburse any holder of an interest in the whole who is not the lessee  
28 and who has not otherwise agreed for the cost of repair of any physical  
29 injury but not for any diminution in value of the whole caused by the  
30 absence of the goods removed or by any necessity for replacing them.  
31 A person entitled to reimbursement may refuse permission to remove  
32 until the party seeking removal gives adequate security for the  
33 performance of this obligation.

34 **Sec. 9A-813.** RCW 62A.4-210 and 1993 c 229 s 97 are each amended  
35 to read as follows:

36 SECURITY INTEREST OF COLLECTING BANK IN ITEMS, ACCOMPANYING  
37 DOCUMENTS AND PROCEEDS. (a) A collecting bank has a security interest  
38 in an item and any accompanying documents or the proceeds of either:

1 (1) In case of an item deposited in an account, to the extent to  
2 which credit given for the item has been withdrawn or applied;

3 (2) In case of an item for which it has given credit available for  
4 withdrawal as of right, to the extent of the credit given whether or  
5 not the credit is drawn upon or there is a right of charge-back; or

6 (3) If it makes an advance on or against the item.

7 (b) If credit given for several items received at one time or  
8 pursuant to a single agreement is withdrawn or applied in part, the  
9 security interest remains upon all the items, any accompanying  
10 documents or the proceeds of either. For the purpose of this section,  
11 credits first given are first withdrawn.

12 (c) Receipt by a collecting bank of a final settlement for an item  
13 is a realization on its security interest in the item, accompanying  
14 documents, and proceeds. So long as the bank does not receive final  
15 settlement for the item or give up possession of the item or  
16 accompanying documents for purposes other than collection, the security  
17 interest continues to that extent and is subject to Article 9, but:

18 (1) No security agreement is necessary to make the security  
19 interest enforceable (~~((subsection (1) of RCW 62A.9-203))~~) RCW  
20 62A.9A-203(b)(3)(A);

21 (2) No filing is required to perfect the security interest; and

22 (3) The security interest has priority over conflicting perfected  
23 security interests in the item, accompanying documents, or proceeds.

24 **Sec. 9A-814.** RCW 62A.7-503 and 1965 ex.s. c 157 s 7-503 are each  
25 amended to read as follows:

26 DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN CASES. (1) A  
27 document of title confers no right in goods against a person who before  
28 issuance of the document had a legal interest or a perfected security  
29 interest in them and who neither

30 (a) delivered or entrusted them or any document of title covering  
31 them to the bailor or his nominee with actual or apparent authority to  
32 ship, store or sell or with power to obtain delivery under this Article  
33 (RCW 62A.7-403) or with power of disposition under this Title (RCW  
34 62A.2-403 and RCW (~~62A.9-307~~) 62A.9A-320) or other statute or rule of  
35 law; nor

36 (b) acquiesced in the procurement by the bailor or his nominee of  
37 any document of title.

1 (2) Title to goods based upon an unaccepted delivery order is  
2 subject to the rights of anyone to whom a negotiable warehouse receipt  
3 or bill of lading covering the goods has been duly negotiated. Such a  
4 title may be defeated under the next section to the same extent as the  
5 rights of the issuer or a transferee from the issuer.

6 (3) Title to goods based upon a bill of lading issued to a freight  
7 forwarder is subject to the rights of anyone to whom a bill issued by  
8 the freight forwarder is duly negotiated; but delivery by the carrier  
9 in accordance with Part 4 of this Article pursuant to its own bill of  
10 lading discharges the carrier's obligation to deliver.

11 **Sec. 9A-815.** RCW 62A.8-103 and 1995 c 48 s 3 are each amended to  
12 read as follows:

13 RULES FOR DETERMINING WHETHER CERTAIN OBLIGATIONS AND INTERESTS  
14 ARE SECURITIES OR FINANCIAL ASSETS. (1) A share or similar equity  
15 interest issued by a corporation, business trust, joint stock company,  
16 or similar entity is a security.

17 (2) An "investment company security" is a security. "Investment  
18 company security" means a share or similar equity interest issued by an  
19 entity that is registered as an investment company under the federal  
20 investment company laws, an interest in a unit investment trust that is  
21 so registered, or a face-amount certificate issued by a face-amount  
22 certificate company that is so registered. Investment company security  
23 does not include an insurance policy or endowment policy or annuity  
24 contract issued by an insurance company.

25 (3) An interest in a partnership or limited liability company is  
26 not a security unless it is dealt in or traded on securities exchanges  
27 or in securities markets, its terms expressly provide that it is a  
28 security governed by this Article, or it is an investment company  
29 security. However, an interest in a partnership or limited liability  
30 company is a financial asset if it is held in a securities account.

31 (4) A writing that is a security certificate is governed by this  
32 Article and not by Article 3, even though it also meets the  
33 requirements of that Article. However, a negotiable instrument  
34 governed by Article 3 is a financial asset if it is held in a  
35 securities account.

36 (5) An option or similar obligation issued by a clearing  
37 corporation to its participants is not a security, but is a financial  
38 asset.



1 (6) A commodity contract, as defined in RCW ((62A.9-115))  
2 62A.9A-102(a)(15), is not a security or a financial asset.

3 **Sec. 9A-816.** RCW 62A.8-106 and 1995 c 48 s 6 are each amended to  
4 read as follows:

5 CONTROL. (1) A purchaser has "control" of a certificated security  
6 in bearer form if the certificated security is delivered to the  
7 purchaser.

8 (2) A purchaser has "control" of a certificated security in  
9 registered form if the certificated security is delivered to the  
10 purchaser, and:

11 (a) The certificate is indorsed to the purchaser or in blank by an  
12 effective indorsement; or

13 (b) The certificate is registered in the name of the purchaser,  
14 upon original issue or registration of transfer by the issuer.

15 (3) A purchaser has "control" of an uncertificated security if:

16 (a) The uncertificated security is delivered to the purchaser; or

17 (b) The issuer has agreed that it will comply with instructions  
18 originated by the purchaser without further consent by the registered  
19 owner.

20 (4) A purchaser has "control" of a security entitlement if:

21 (a) The purchaser becomes the entitlement holder; ((or))

22 (b) The securities intermediary has agreed that it will comply  
23 with entitlement orders originated by the purchaser without further  
24 consent by the entitlement holder; or

25 (c) Another person has control of the security entitlement on  
26 behalf of the purchaser or, having previously acquired control of the  
27 security entitlement, acknowledges that it has control on behalf of the  
28 purchaser.

29 (5) If an interest in a security entitlement is granted by the  
30 entitlement holder to the entitlement holder's own securities  
31 intermediary, the securities intermediary has control.

32 (6) A purchaser who has satisfied the requirements of subsection  
33 (3)((~~b~~)) or (4)((~~b~~)) of this section has control even if the  
34 registered owner in the case of subsection (3)((~~b~~)) of this section  
35 or the entitlement holder in the case of subsection (4)((~~b~~)) of this  
36 section retains the right to make substitutions for the uncertificated  
37 security or security entitlement, to originate instructions or  
38 entitlement orders to the issuer or securities intermediary, or

1 otherwise to deal with the uncertificated security or security  
2 entitlement.

3 (7) An issuer or a securities intermediary may not enter into an  
4 agreement of the kind described in subsection (3)(b) or (4)(b) of this  
5 section without the consent of the registered owner or entitlement  
6 holder, but an issuer or a securities intermediary is not required to  
7 enter into such an agreement even though the registered owner or  
8 entitlement holder so directs. An issuer or securities intermediary  
9 that has entered into such an agreement is not required to confirm the  
10 existence of the agreement to another party unless requested to do so  
11 by the registered owner or entitlement holder.

12 **Sec. 9A-817.** RCW 62A.8-110 and 1995 c 48 s 10 are each amended to  
13 read as follows:

14 APPLICABILITY; CHOICE OF LAW. (1) The local law of the issuer's  
15 jurisdiction, as specified in subsection (4) of this section, governs:

16 (a) The validity of a security;

17 (b) The rights and duties of the issuer with respect to  
18 registration of transfer;

19 (c) The effectiveness of registration of transfer by the issuer;

20 (d) Whether the issuer owes any duties to an adverse claimant to  
21 a security; and

22 (e) Whether an adverse claim can be asserted against a person to  
23 whom transfer of a certificated or uncertificated security is  
24 registered or a person who obtains control of an uncertificated  
25 security.

26 (2) The local law of the securities intermediary's jurisdiction,  
27 as specified in subsection (5) of this section, governs:

28 (a) Acquisition of a security entitlement from the securities  
29 intermediary;

30 (b) The rights and duties of the securities intermediary and  
31 entitlement holder arising out of a security entitlement;

32 (c) Whether the securities intermediary owes any duties to an  
33 adverse claimant to a security entitlement; and

34 (d) Whether an adverse claim can be asserted against a person who  
35 acquires a security entitlement from the securities intermediary or a  
36 person who purchases a security entitlement or interest therein from an  
37 entitlement holder.

1 (3) The local law of the jurisdiction in which a security  
2 certificate is located at the time of delivery governs whether an  
3 adverse claim can be asserted against a person to whom the security  
4 certificate is delivered.

5 (4) "Issuer's jurisdiction" means the jurisdiction under which the  
6 issuer of the security is organized or, if permitted by the law of that  
7 jurisdiction, the law of another jurisdiction specified by the issuer.  
8 An issuer organized under the law of this state may specify the law of  
9 another jurisdiction as the law governing the matters specified in  
10 subsection (1) (b) through (e) of this section.

11 (5) The following rules determine a "securities intermediary's  
12 jurisdiction" for purposes of this section:

13 (a) If an agreement between the securities intermediary and its  
14 entitlement holder (~~(specifies that it is governed by the law of a~~  
15 ~~particular jurisdiction))~~ governing the securities account expressly  
16 provides that a particular jurisdiction is the securities  
17 intermediary's jurisdiction for purposes of this part, this Article, or  
18 this act, that jurisdiction is the securities intermediary's  
19 jurisdiction.

20 (b) If (5)(a) of this section does not apply and an agreement  
21 between the securities intermediary and its entitlement holder  
22 governing the securities account expressly provides that the agreement  
23 is governed by the law of a particular jurisdiction, that jurisdiction  
24 is the securities intermediary's jurisdiction.

25 (c) If neither (5)(a) nor (b) of this section applies, and an  
26 agreement between the securities intermediary and its entitlement  
27 holder ((does not specify the governing law as provided in (a) of this  
28 subsection, but)) governing the securities account expressly  
29 ((specifies)) provides that the securities account is maintained at an  
30 office in a particular jurisdiction, that jurisdiction is the  
31 securities intermediary's jurisdiction.

32 ~~((c))~~ (d) ~~If ((an agreement between the securities intermediary~~  
33 ~~and its entitlement holder does not specify a jurisdiction as provided~~  
34 ~~in (a) or (b) of this subsection))~~ (5)(a), (b), and (c) of this section  
35 do not apply, the securities intermediary's jurisdiction is the  
36 jurisdiction in which ((is located)) the office identified in an  
37 account statement as the office serving the entitlement holder's  
38 account is located.

1        ~~((d))~~ (e) If ~~((an agreement between the securities intermediary~~  
2 ~~and its entitlement holder does not specify a jurisdiction as provided~~  
3 ~~in (a) or (b) of this subsection and an account statement does not~~  
4 ~~identify an office serving the entitlement holder's account as provided~~  
5 ~~in (c) of this subsection)) (a), (b), (c), and (d) of this subsection~~  
6 do not apply, the securities intermediary's jurisdiction is the  
7 jurisdiction in which ~~((is located))~~ the chief executive office of the  
8 securities intermediary is located.

9        (6) A securities intermediary's jurisdiction is not determined by  
10 the physical location of certificates representing financial assets, or  
11 by the jurisdiction in which is organized the issuer of the financial  
12 asset with respect to which an entitlement holder has a security  
13 entitlement, or by the location of facilities for data processing or  
14 other recordkeeping concerning the account.

15        **Sec. 9A-818.** RCW 62A.8-301 and 1995 c 48 s 27 are each amended to  
16 read as follows:

17        DELIVERY. (1) Delivery of a certificated security to a purchaser  
18 occurs when:

19        (a) The purchaser acquires possession of the security certificate;

20        (b) Another person, other than a securities intermediary, either  
21 acquires possession of the security certificate on behalf of the  
22 purchaser or, having previously acquired possession of the certificate,  
23 acknowledges that it holds for the purchaser; or

24        (c) A securities intermediary acting on behalf of the purchaser  
25 acquires possession of the security certificate, only if the  
26 certificate is in registered form and ~~((has been))~~ is (i) registered in  
27 the name of the purchaser, (ii) payable to the order of the purchaser,  
28 or (iii) specially indorsed to the purchaser by an effective  
29 indorsement and has not been indorsed to the securities intermediary or  
30 in blank.

31        (2) Delivery of an uncertificated security to a purchaser occurs  
32 when:

33        (a) The issuer registers the purchaser as the registered owner,  
34 upon original issue or registration of transfer; or

35        (b) Another person, other than a securities intermediary, either  
36 becomes the registered owner of the uncertificated security on behalf  
37 of the purchaser or, having previously become the registered owner,  
38 acknowledges that it holds for the purchaser.

1           **Sec. 9A-819.** RCW 62A.8-302 and 1995 c 48 s 28 are each amended to  
2 read as follows:

3           RIGHTS OF PURCHASER. (1) Except as otherwise provided in  
4 subsections (2) and (3) of this section, (~~upon delivery~~) a purchaser  
5 of a certificated or uncertificated security (~~to a purchaser, the~~  
6 ~~purchaser~~) acquires all rights in the security that the transferor had  
7 or had power to transfer.

8           (2) A purchaser of a limited interest acquires rights only to the  
9 extent of the interest purchased.

10           (3) A purchaser of a certificated security who as a previous  
11 holder had notice of an adverse claim does not improve its position by  
12 taking from a protected purchaser.

13           **Sec. 9A-820.** RCW 62A.8-510 and 1995 c 48 s 50 are each amended to  
14 read as follows:

15           RIGHTS OF PURCHASER OF SECURITY ENTITLEMENT FROM ENTITLEMENT  
16 HOLDER. (1) In a case not covered by the priority rules in Article 9  
17 or the rules stated in subsection (3) of this section, an action based  
18 on an adverse claim to a financial asset or security entitlement,  
19 whether framed in conversion, replevin, constructive trust, equitable  
20 lien, or other theory, may not be asserted against a person who  
21 purchases a security entitlement, or an interest therein, from an  
22 entitlement holder if the purchaser gives value, does not have notice  
23 of the adverse claim, and obtains control.

24           (2) If an adverse claim could not have been asserted against an  
25 entitlement holder under RCW 62A.8-502, the adverse claim cannot be  
26 asserted against a person who purchases a security entitlement, or an  
27 interest therein, from the entitlement holder.

28           (3) In a case not covered by the priority rules in Article 9, a  
29 purchaser for value of a security entitlement, or an interest therein,  
30 who obtains control has priority over a purchaser of a security  
31 entitlement, or an interest therein, who does not obtain control.  
32 Except as otherwise provided in subsection (4) of this section,  
33 purchasers who have control rank (~~equally, except that a~~) according  
34 to priority in time of:

35           (a) The purchaser's becoming the person for whom the securities  
36 account, in which the security entitlement is carried, is maintained,  
37 if the purchaser obtained control under RCW 62A.8-106(d)(1);

1        (b) The securities intermediary's agreement to comply with the  
2 purchaser's entitlement orders with respect to security entitlements  
3 carried or to be carried in the securities account in which the  
4 security entitlement is carried, if the purchaser obtained control  
5 under RCW 62A.8-106(d)(2); or

6        (c) If the purchaser obtained control through another person under  
7 RCW 62A.8-106(d)(3), the time on which priority would be based under  
8 this subsection if the other person were the secured party.

9        (4) A securities intermediary as purchaser has priority over a  
10 conflicting purchaser who has control unless otherwise agreed by the  
11 securities intermediary.

12        **Sec. 9A-821.** RCW 9.38.020 and 1909 c 249 s 369 are each amended  
13 to read as follows:

14        FALSE REPRESENTATION CONCERNING TITLE. Every person who shall  
15 maliciously or fraudulently execute or file for record any instrument,  
16 or put forward any claim, by which the right or title of another to any  
17 real or personal property is, or purports to be transferred, encumbered  
18 or clouded, shall be guilty of a gross misdemeanor.

19        **Sec. 9A-822.** RCW 46.12.095 and 1998 c 203 s 10 are each amended  
20 to read as follows:

21        REQUIREMENTS FOR PERFECTING SECURITY INTEREST. A security  
22 interest in a vehicle other than one held as inventory by a  
23 manufacturer or a dealer and for which a certificate of ownership is  
24 required is perfected only by compliance with the requirements of RCW  
25 46.12.103 under the circumstances provided for therein or by compliance  
26 with the requirements of this section:

27        (1) A security interest is perfected by the department's receipt  
28 of: (a) The existing certificate, if any, and (b) an application for  
29 a certificate of ownership containing the name and address of the  
30 secured party, and (c) tender of the required fee.

31        (2) ~~((It))~~ A security interest is perfected as of the time of its  
32 creation~~((:—(a) If the papers and fee referred to in subsection (1) of~~  
33 ~~this section are received by this department within twenty calendar~~  
34 ~~days of the day on which the security agreement was created; or (b))~~  
35 if the secured party's name and address appear on the outstanding  
36 certificate of ownership; otherwise, as of the date on which the

1 department has received the papers and fee required in subsection (1)  
2 of this section.

3 (3) If a vehicle is subject to a security interest when brought  
4 into this state, perfection of the security interest is determined by  
5 the law of the jurisdiction where the vehicle was when the security  
6 interest was attached, subject to the following:

7 (a) If the security interest was perfected under the law of the  
8 jurisdiction where the vehicle was when the security interest was  
9 attached, the following rules apply:

10 (b) If the name of the secured party is shown on the existing  
11 certificate of ownership issued by that jurisdiction, the security  
12 interest continues perfected in this state. The name of the secured  
13 party shall be shown on the certificate of ownership issued for the  
14 vehicle by this state. The security interest continues perfected in  
15 this state upon the issuance of such ownership certificate.

16 (c) If the security interest was not perfected under the law of  
17 the jurisdiction where the vehicle was when the security interest was  
18 attached, it may be perfected in this state; in that case, perfection  
19 dates from the time of perfection in this state.

20 **Sec. 9A-823.** RCW 46.12.103 and 1998 c 203 s 12 are each amended  
21 to read as follows:

22 TRANSITIONAL OWNERSHIP RECORD. (1) The purpose of a transitional  
23 ownership record is to enable a security interest in a motor vehicle to  
24 be perfected in a timely manner when the certificate of ownership is  
25 not available at the time the security interest is created, and to  
26 provide for timely notification to security interest holders under  
27 chapter 46.55 RCW.

28 (2) A transitional ownership record is only acceptable as an  
29 ownership record for vehicles currently stored on the department's  
30 computer system and if the certificate of ownership or other authorized  
31 proof of ownership for the motor vehicle(~~(;~~

32 ~~(a))~~) is not in the possession of the selling vehicle dealer or  
33 new security interest holder at the time the transitional ownership  
34 record is submitted to the department(~~(;~~and

35 ~~(b) To the best of the knowledge of the selling dealer or new~~  
36 ~~security interest holder, the certificate of ownership will not be~~  
37 ~~received for submission to the department within twenty calendar days~~  
38 ~~of the date of sale of the vehicle, or if no sale is involved, within~~

1 ~~twenty calendar days of the date the security agreement or contract is~~  
2 ~~executed~~)).

3 (3) A person shall submit the transitional ownership record to the  
4 department or to any of its agents or subagents. Agents and subagents  
5 shall immediately electronically transmit the transitional ownership  
6 records to the department. A transitional ownership document processed  
7 and recorded by an agent or subagent may be subject to fees as  
8 specified in RCW 46.01.140 (4)(a) or (5)(b).

9 (4) "Transitional ownership record" means a record containing all  
10 of the following information:

11 (a) The date of sale;

12 (b) The name and address of each owner of the vehicle;

13 (c) The name and address of each security interest holder;

14 (d) If there are multiple security interest holders, the  
15 priorities of interest if the security interest holders do not jointly  
16 hold a single security interest;

17 (e) The vehicle identification number, the license plate number,  
18 if any, the year, make, and model of the vehicle;

19 (f) The name of the selling dealer or security interest holder who  
20 is submitting the transitional ownership record; and

21 (g) The transferee's driver's license number, if available.

22 (5) The report of sale form prescribed or approved by the  
23 department under RCW 46.12.101 may be used by a vehicle dealer as the  
24 transitional ownership record.

25 (6) (~~Notwithstanding RCW 46.12.095 (1) and (2),~~) Compliance with  
26 the requirements of this section shall result in perfection of a  
27 security interest in the vehicle as of the ((time)) date the ((security  
28 interest was created)) department receives the transitional ownership  
29 record and any fee required under subsection (3) of this section.  
30 ((Upon)) Within ten days of receipt of the certificate of ownership for  
31 the vehicle, or ((upon receipt)) of written confirmation that only an  
32 electronic record of ownership exists or that the certificate of  
33 ownership has been lost or destroyed, the selling dealer or new  
34 security interest holder shall promptly submit the same to the  
35 department together with an application for a new certificate of  
36 ownership containing the name and address of the secured party and  
37 tender the required fee as provided in RCW 46.12.095(1). In the event  
38 a secured party fails to submit an application within the ten-day time  
39 period provided in this subsection (6), its security interest shall



1 become unperfected, unless the security interest is perfected  
2 otherwise.

3 **Sec. 9A-824.** RCW 60.11.010 and 1991 c 286 s 1 are each amended to  
4 read as follows:

5 DEFINITIONS. As used in this chapter, the following terms have  
6 the meanings indicated unless the context clearly requires otherwise.

7 (1) "Crop" means all products of the soil either growing or  
8 cropped, cut, or gathered which require annual planting, harvesting, or  
9 cultivating. A crop includes orchard crops, but does not include  
10 vegetation produced by the powers of nature alone, nursery stock, or  
11 vegetation intended as a permanent enhancement of the land itself.

12 (2) "Handler" means a person((+)) who prepares an orchard crop for  
13 market for the account of, or as agent for, the producer of the orchard  
14 crop, which preparation includes, but is not limited to, receiving,  
15 storing, packing, marketing, selling, or delivering the orchard crop;  
16 and who takes delivery of the orchard crop from the producer of the  
17 orchard crop or from another handler. "Handler" does not include a  
18 person who solely transports the orchard crop from the producer or  
19 another handler to another person.

20 (3) "Landlord" means a person who leases or subleases to a tenant  
21 real property upon which crops are growing or will be grown.

22 (4) "Orchard crop" means cherries, peaches, nectarines, plums or  
23 prunes, pears, apricots, and apples.

24 (5) "Secured party" and "security interest" have the same meaning  
25 as used in the Uniform Commercial Code, Title 62A RCW.

26 (6) "Supplier" includes, but is not limited to, a person who  
27 furnishes seed, furnishes and/or applies commercial fertilizer,  
28 pesticide, fungicide, weed killer, or herbicide, including spraying and  
29 dusting, upon the land of the grower or landowner, or furnishes any  
30 work or labor upon the land of the grower or landowner including  
31 tilling, preparing for the growing of crops, sowing, planting,  
32 cultivating, cutting, digging, picking, pulling, or otherwise  
33 harvesting any crop grown thereon, or in gathering, securing, or  
34 housing any crop grown thereon, or in threshing any grain or hauling to  
35 any warehouse any crop ((or)), including grain, grown thereon.

36 (7) "Lien debtor" means the person who is obligated or owes  
37 payment or other performance. If the lien debtor and the owner of the  
38 ((collateral)) property encumbered by the crop lien or security

1 interest are not the same person, "lien debtor" means the owner of the  
2 ~~((collateral))~~ property encumbered by the crop lien or security  
3 interest.

4 (8) "Lien holder" means a person who, by statute, has acquired a  
5 lien on the property of the lien debtor, or such person's successor in  
6 interest.

7 **Sec. 9A-825.** RCW 60.11.020 and 1991 c 286 s 2 are each amended to  
8 read as follows:

9 PERSONS ENTITLED TO CROP LIENS--PROPERTY SUBJECT TO LIEN. (1) A  
10 landlord whose lease or other agreement with the tenant provides for  
11 cash rental payment shall have a lien upon all crops grown upon the  
12 demised land in which the landlord has an interest for payment of no  
13 more than one year's rent ~~((due or to))~~, where the last or only payment  
14 of such one year's rent is due or will become due within six months  
15 following ~~((harvest))~~ the last day of harvest of the crops encumbered  
16 by the crop lien. A landlord with a crop share agreement has an  
17 interest in the growing crop which shall not be encumbered by crop  
18 liens except as provided in subsections (2) and (3) of this section.

19 (2) A supplier shall have a lien upon all crops for which the  
20 supplies are used or applied ~~((to secure))~~ for payment of the purchase  
21 price of the supplies and/or services performed: PROVIDED, That the  
22 landlord's interest in the crop shall only be subject to the lien for  
23 the amount obligated to be paid by the landlord if prior written  
24 consent of the landlord is obtained or if the landlord has agreed in  
25 writing with the tenant to pay or be responsible for a portion of the  
26 supplies and/or services provided by the lien holder.

27 (3) A handler shall have a lien on all orchard crops delivered by  
28 the lien debtor or another handler to the handler and on all proceeds  
29 of the orchard crops for payment of: (a) All customary charges for the  
30 ordinary and necessary handling of the orchard crop, including but not  
31 limited to charges for transporting, receiving, inspecting, materials  
32 and supplies furnished, washing, waxing, sorting, packing, storing,  
33 promoting, marketing, selling, advertising, insuring, or otherwise  
34 handling the lien debtor's orchard crop; and (b) reasonable cooperative  
35 per unit retainages, and for all governmental or quasi-governmental  
36 assessments imposed by statute, ordinance, or government regulation.  
37 Charges shall not include direct or indirect advances or extensions of  
38 credit to ~~((a))~~ a lien debtor.

1           **Sec. 9A-826.** RCW 60.11.030 and 1991 c 286 s 3 are each amended to  
2 read as follows:

3           ATTACHMENT AND EFFECTIVENESS OF LIEN ON CROPS AND PROCEEDS--  
4 FILING. (1) Upon (~~filing,~~) the later of both: (a) Execution of the  
5 lease or other agreement, or commencement of delivery of such supplies,  
6 and/or of provision of such services giving rise to the crop lien; and  
7 (b) filing a financing statement as required by RCW 62A.9A-310 and  
8 subsection (3) of this section, the crop liens described in RCW  
9 60.11.020 (1) and (2) shall become effective and attach to the subject  
10 crop for all sums then and thereafter due and owing the lien holder  
11 (~~and~~) under this chapter, and those liens shall continue in all  
12 identifiable cash proceeds of the crop.

13           (2) Upon the delivery of an orchard crop by the lien debtor or  
14 another handler, to a handler, without the necessity of filing, (~~the~~  
15 lien for charges as set forth)) the crop lien described in RCW  
16 60.11.020(3) shall become effective and attach to the delivered orchard  
17 crop (~~and shall continue in both the crop and~~) for all sums then and  
18 thereafter due and owing the lien holder under this chapter, and the  
19 lien shall continue in all proceeds of the crop. Upon filing a  
20 financing statement as required by RCW 62A.9A-310 and subsection (3) of  
21 this section, an effective crop lien described in RCW 60.11.020(3) that  
22 has attached to the delivered orchard crop shall be perfected.

23           (3) Except as provided in RCW 60.11.040(4) with respect to the  
24 lien of a landlord, and except as provided in RCW 60.11.040(5) with  
25 respect to the lien of a handler on orchard crops handled pursuant to  
26 an authenticated contract with the lien debtor, the lien holder must  
27 file the required financing statement during the period after the  
28 commencement of delivery of such supplies and/or of provision of such  
29 services, but before the completion of the harvest of the crops for  
30 which the lien is claimed, or in the case of a lien for furnishing work  
31 or labor, before the end of the fortieth day after the cessation of the  
32 work or labor for which the lien is claimed. If the lien holder under  
33 the crop liens described in RCW 60.11.020 (1) or (2) is to be allowed  
34 costs, disbursements, and attorneys' fees, the lien holder must also  
35 mail a copy of such financing statement to the last known address of  
36 the debtor by certified mail, return receipt requested, within ten days  
37 after filing the financing statement.

1           **Sec. 9A-827.** RCW 60.11.040 and 1991 c 286 s 4 are each amended to  
2 read as follows:

3           STATEMENT OF LIEN--FILING--CONTENTS--DURATION. (1) (~~Except as~~  
4 ~~provided in subsection (4) of this section with respect to the lien of~~  
5 ~~a landlord, and except for the lien of a handler as provided in RCW~~  
6 ~~60.11.020(3), any lien holder must after the commencement of delivery~~  
7 ~~of such supplies and/or of provision of such services, but before the~~  
8 ~~completion of the harvest of the crops for which the lien is claimed,~~  
9 ~~or in the case of a lien for furnishing work or labor within twenty~~  
10 ~~days after the cessation of the work or labor for which the lien is~~  
11 ~~claimed: (a) File a statement evidencing the lien with the department~~  
12 ~~of licensing; and (b) if the lien holder is to be allowed costs,~~  
13 ~~disbursements, and attorneys' fees, mail a copy of such statement to~~  
14 ~~the last known address of the debtor by certified mail, return receipt~~  
15 ~~requested, within ten days.)) Within fourteen days of receipt of a  
16 written request from the lien debtor, or other person who provides the  
17 lien holder authorization from the lien debtor for such statement, the  
18 lien holder shall provide that person a statement described in  
19 subsection (2) of this section. Failure timely to provide the  
20 statement shall cause the lien holder to be liable to the person  
21 requesting for the attorneys' fees and costs incurred by that person to  
22 obtain the statement, together with damages incurred by that person due  
23 to the failure of the lien holder to provide the statement, including  
24 in the case of the lien debtor any loss resulting from the lien  
25 debtor's inability to obtain financing, or the increased costs thereof.~~

26           (2) The statement shall be in writing, (~~signed~~) authenticated by  
27 the claimant, and shall contain in substance the following information:

28           (a) The name and address of the claimant;

29           (b) The name and address of the debtor;

30           (c) The date of commencement of performance for which the lien is  
31 claimed;

32           (d) A description of the labor services, materials, or supplies  
33 furnished;

34           (e) A description of the crop and its location to be charged with  
35 the lien sufficient for identification; and

36           (f) The signature of the claimant.

37           (3) The (~~department of licensing may by rule prescribe standard~~  
38 ~~filing forms, fees, and uniform procedures for filing with, and~~  
39 ~~obtaining information from, filing officers, including provisions for~~

1 ~~filing crop liens together with financing statements filed pursuant to~~  
2 ~~RCW 62A.9-401 so that one request will reveal all filed crop liens and~~  
3 ~~security interests.~~

4 ~~(4) Any landlord claiming a lien under this chapter for rent shall~~  
5 ~~file a statement evidencing the lien)) statement need not be filed with~~  
6 ~~the department of licensing.~~

7 (4) A lien for rent claimed by a landlord pursuant to this chapter  
8 shall be effective during the term of the lease for a period of up to  
9 five years. A financing statement for a landlord lien covering a lease  
10 term longer than five years may be ((refiled)) continued in accordance  
11 with RCW ((60.11.050(5))) 62A.9A-515(d). A landlord who has a right to  
12 a share of the crop may place suppliers on notice by filing ((evidence  
13 of such interest)) a financing statement in the same manner as provided  
14 for filing a financing statement for a landlord's lien.

15 (5) A handler who wishes to perfect a crop lien under RCW  
16 60.11.020(3) on orchard crops handled pursuant to an authenticated  
17 contract with the lien debtor may file the required financing statement  
18 described in RCW 60.11.030(2) at any time during the term of the  
19 contract. The filed financing statement for such a crop lien shall be  
20 effective to perfect that crop lien against any orchard crop handled  
21 pursuant to the contract for a period equal to the lesser of the term  
22 of the contract or five years after the date of filing. A financing  
23 statement for a multiple-year contract to handle orchard crops for  
24 longer than five years may be continued in accordance with RCW  
25 62A.9A-515(d).

26 **Sec. 9A-828.** RCW 60.11.050 and 1991 c 286 s 5 are each amended to  
27 read as follows:

28 PRIORITIES OF LIENS AND SECURITY INTERESTS. (1) Except as  
29 provided in subsections (2), (3), (4), and (5) of this section,  
30 conflicting liens and security interests in crops and their proceeds  
31 shall rank in accordance with the time of filing.

32 (2) The lien created in RCW 60.11.020(2) in favor of any person  
33 who furnishes any work or labor upon the land of the grower or  
34 landowner shall be preferred and prior to any other lien or security  
35 interest upon the crops to which they attach including the liens  
36 described in subsections (3), (4), and (5) of this section.

37 (3) The lien created in RCW 60.11.020(3) in favor of handlers is  
38 preferred and prior to a lien or security interest described in

1 subsection (4) or (5) of this section and to any other lien or security  
2 interest upon the orchard crops to which they attach except the liens  
3 in favor of a person who furnishes work or labor upon the land of the  
4 grower or landlord. Whenever more than one handler holds a handler's  
5 lien created by RCW 60.11.020(3) in the same orchard crop, unless the  
6 affected parties otherwise agree in writing, the later of the liens to  
7 attach has priority over all previously attached handlers' liens  
8 created by RCW 60.11.020(3).

9 (4) A lien or security interest in crops otherwise entitled to  
10 priority pursuant to subsection (1) of this section shall be  
11 subordinate to a later ~~((filed))~~ perfected lien or security interest  
12 incurred to produce the crop to the extent that obligations secured by  
13 such earlier ~~((filed))~~ perfected security interest or lien were not  
14 incurred to produce such crops.

15 (5) A lien or security interest in crops otherwise entitled to  
16 priority pursuant to subsection (1) of this section shall be  
17 subordinate to a properly ~~((filed))~~ perfected landlord's lien. ~~((A  
18 landlord's lien shall retain its priority if refiled within six months  
19 prior to its expiration.))~~

20 **Sec. 9A-829.** RCW 60.11.060 and 1991 c 33 s 4 are each amended to  
21 read as follows:

22 FORECLOSURE AND ENFORCEMENT OF CROP LIEN. Any lien ~~((subject to))~~  
23 created by this chapter~~((, excluded by RCW 62A.9-104 from the  
24 provisions of the Uniform Commercial Code, Title 62A RCW,))~~ may be  
25 foreclosed or enforced by: (1) An action in the district court having  
26 jurisdiction in the district in which the real property on which the  
27 crop in question was grown is situated in accordance with RCW  
28 60.11.070, if the value of the claim does not exceed the jurisdictional  
29 limit of the district court provided in RCW 3.66.020; or (2) an action  
30 in the superior court having jurisdiction in the county in which the  
31 real property on which the crop in question was grown is situated in  
32 accordance with RCW 60.11.070, if the value of the claim exceeds the  
33 jurisdictional limit of the district court provided in RCW 3.66.020; or  
34 (3) summary procedure as provided in RCW 60.11.080; or (4) procedures  
35 in RCW 62A.9A-601 through 62A.9A-628.

36 **Sec. 9A-830.** RCW 60.11.070 and 1986 c 242 s 7 are each amended to  
37 read as follows:

1 JUDICIAL FORECLOSURE. The lien holder may proceed upon his or her  
2 lien; and if there is a separate obligation in writing to pay the same,  
3 secured by the lien, he or she may bring suit upon such separate  
4 promise. When he or she proceeds on the promise, if there is a  
5 specific agreement therein contained, for the payment of a certain sum  
6 or there is a separate obligation for the sum in addition to a decree  
7 of sale of lien property, judgment shall be rendered for the amount due  
8 upon the promise or other instrument, the payment of which is thereby  
9 secured; the decree shall direct the sale of the lien property and if  
10 the proceeds of the sale are insufficient under the execution, the  
11 sheriff is authorized to levy upon and sell other property of the lien  
12 debtor, not exempt from execution, for the sum remaining unsatisfied.  
13 In a judicial foreclosure, the court shall allow reasonable attorneys'  
14 fees and disbursements for establishing a lien.

15 **Sec. 9A-831.** RCW 60.11.100 and 1986 c 242 s 10 are each amended  
16 to read as follows:

17 REDEMPTION. (~~At any time before the lien holder has disposed of~~  
18 ~~collateral or entered into a contract for its disposition under RCW~~  
19 ~~60.11.060, the lien debtor or any other secured party may redeem the~~  
20 ~~collateral by tendering fulfillment of all obligations secured by the~~  
21 ~~collateral as well as the expenses reasonably incurred by the lien~~  
22 ~~holder in holding and preparing the collateral for disposition and in~~  
23 ~~arranging for the sale and his or her reasonable attorneys' fees and~~  
24 ~~legal expenses.)) The right of the lien debtor and others to redeem  
25 collateral shall be as provided in RCW 62A.9A-623.~~

26 **Sec. 9A-832.** RCW 60.11.120 and 1986 c 242 s 12 are each amended  
27 to read as follows:

28 "COMMERCIALLY REASONABLE." (~~The fact that a better price could~~  
29 ~~have been obtained by a sale at a different time or in a different~~  
30 ~~method from that selected by the lien holder is not in itself~~  
31 ~~sufficient to establish that the sale was not made in a commercially~~  
32 ~~reasonable manner. If the lien holder either sells the collateral in~~  
33 ~~the usual manner in any recognized market therefor or if he or she~~  
34 ~~sells at the price current in such market at the time of the sale or if~~  
35 ~~he or she has otherwise sold in conformity with reasonable commercial~~  
36 ~~practices among dealers in the type of property sold he or she has sold~~  
37 ~~in a commercially reasonable manner. A disposition which has been~~

1 approved in any judicial proceeding or by any bona fide creditors'  
2 committee or representative of creditors shall conclusively be deemed  
3 to be commercially reasonable, but this does not mean that approval  
4 must be obtained in any case nor does it mean that any disposition not  
5 so approved is not commercially reasonable.))

6 For purposes of this chapter, "commercially reasonable" has the  
7 meaning given and shall be construed in a manner consistent with ((this  
8 section)) RCW 62A.9A-627.

9 **Sec. 9A-833.** RCW 60.11.130 and 1986 c 242 s 13 are each amended  
10 to read as follows:

11 LIMITATION OF ACTION TO FORECLOSE. Judicial foreclosure or  
12 summary procedure as provided in RCW 60.11.060 shall be brought within  
13 twenty-four calendar months after filing the ~~((claim))~~ financing  
14 statement for the lien, except: (1) In the case of a landlord lien  
15 which shall be twenty-four calendar months from the date of default on  
16 the lease, and (2) in the case of a handler's lien on a given orchard  
17 crop which shall be twenty-four calendar months from the date of  
18 default on payment of the charges described in RCW 60.11.020(3)  
19 attributable to that orchard crop. Upon expiration of such time, the  
20 claimed lien shall expire. ((In a judicial foreclosure, the court  
21 shall allow reasonable attorneys' fees and disbursement for  
22 establishing a lien.))

23 **Sec. 9A-834.** RCW 60.11.140 and 1991 c 286 s 6 are each amended to  
24 read as follows:

25 TERMINATION STATEMENT. ~~((1))~~ Whenever the total amount of the  
26 lien has been fully paid and as otherwise provided in RCW 62A.9A-513  
27 (c) and (d), within twenty days following receipt of an authenticated  
28 demand following such full payment of the lien, the lien holder filing  
29 a lien shall((, within fifteen days following receipt of full payment,  
30 file its lien)) send to the lien debtor or file with the department of  
31 licensing a termination statement ((with the department of licensing))  
32 for the financing statement. Failure to file a ((lien)) termination  
33 statement by the lien holder or the assignee of the lien holder shall  
34 cause the lien holder or its assignee to be liable to the debtor for  
35 the attorneys' fees and costs incurred by the debtor to have the lien  
36 terminated together with damages incurred by the debtor due to the  
37 failure of the lien holder to terminate the lien.



1       ~~((2) There shall be no charge by the department of licensing for~~  
2 ~~entering the lien termination statement and indexing the same and~~  
3 ~~returning a copy of the lien termination statement stamped as "filed"~~  
4 ~~with the filing date thereon.~~

5       ~~(3) The department of licensing may enter the lien termination~~  
6 ~~statement on microfilm or other photographic record and destroy all~~  
7 ~~originals of the lien and lien satisfaction filed with him or her.))~~

8       NEW SECTION.    **Sec. 9A-835.**    A new section is added to chapter  
9 60.11 RCW, to be codified as RCW 60.11.904, to read as follows:

10       TRANSITION RULE FOR EXISTING FILINGS.   All statements filed with  
11 the department of licensing under this chapter prior to July 1, 2001,  
12 shall satisfy the requirements of RCW 62A.9A-310 and 60.11.030 for  
13 filing a financing statement for up to five years from the date they  
14 were originally filed if and so long as they are found and reported in  
15 a search of financing statements performed by the department of  
16 licensing.

17       **Sec. 9A-836.**    RCW 65.20.030 and 1989 c 343 s 3 are each amended to  
18 read as follows:

19       CLARIFICATION OF TYPE OF PROPERTY AND PERFECTION OF SECURITY  
20 INTERESTS.   When a manufactured home is sold or transferred on or after  
21 March 1, 1990, and when all ownership in the manufactured home is  
22 transferred through the sale or other transfer of the manufactured home  
23 to new owners, the manufactured home shall be real property when the  
24 new owners eliminate the title pursuant to this chapter.   The  
25 manufactured home shall not be real property in any form, including  
26 fixture law, unless the title is eliminated under this chapter.   Where  
27 any person who owned a used manufactured home on March 1, 1990,  
28 continues to own the manufactured home on or after March 1, 1990, the  
29 interests and rights of owners, secured parties, lienholders, and  
30 others in the manufactured home shall be based on the law prior to  
31 March 1, 1990, except where the owner voluntarily eliminates the title  
32 to the manufactured home by complying with this chapter.   If the title  
33 to the manufactured home is eliminated under this chapter, the  
34 manufactured home shall be treated the same as a site-built structure  
35 and ownership shall be based on ownership of the real property through  
36 real property law.   If the title to the manufactured home has not been

1 eliminated under this chapter, ownership shall be based on chapter  
2 46.12 RCW.

3 For purposes of perfecting and realizing upon security interests,  
4 manufactured homes shall always be treated as follows: (1) If the  
5 title has not been eliminated under this chapter, security interests in  
6 the manufactured home shall be perfected only under chapter 62A.9A RCW  
7 in the case of a manufactured home held as inventory by a manufacturer  
8 or dealer or chapter 46.12 RCW in all other cases, and the lien shall  
9 be treated as securing personal property for purposes of realizing upon  
10 the security interest(~~((. If the manufactured home is attached to land~~  
11 ~~owned by the homeowner and the secured party seeks to remove the home~~  
12 ~~pursuant to a contract, the secured party is liable for damage to the~~  
13 ~~land to the extent the secured party would be liable if the~~  
14 ~~manufactured home was a fixture under chapter 62A.9 RCW))); or (2) if  
15 the title has been eliminated under this chapter, a separate security  
16 interest in the manufactured home shall not exist, and the manufactured  
17 home shall only be secured as part of the real property through a  
18 mortgage, deed of trust, or real estate contract.~~

19 PART 9

20 REPEALER; LEGISLATIVE DIRECTIVE

21 NEW SECTION. **Sec. 9A-901.** The following acts or parts of acts  
22 are each repealed:

23 (1) RCW 62A.9-101 (Short title) and 1965 ex.s. c 157 s 9-101;

24 (2) RCW 62A.9-102 (Policy and subject matter of Article) and 1981  
25 c 41 s 6 & 1965 ex.s. c 157 s 9-102;

26 (3) RCW 62A.9-103 (Perfection of security interest in multiple  
27 state transactions) and 1997 c 56 s 21, 1995 c 48 s 58, 1986 c 35 s 45,  
28 1981 c 41 s 7, & 1965 ex.s. c 157 s 9-103;

29 (4) RCW 62A.9-104 (Transactions excluded from Article) and 1997 c  
30 56 s 22, 1985 c 412 s 11, 1983 c 305 s 75, 1981 c 41 s 8, & 1965 ex.s.  
31 c 157 s 9-104;

32 (5) RCW 62A.9-105 (Definitions and index of definitions) and 1997  
33 c 56 s 23, 1995 c 48 s 59, 1986 c 35 s 46, 1981 c 41 s 9, & 1965 ex.s.  
34 c 157 s 9-105;

35 (6) RCW 62A.9-106 (Definitions: "Account"; "general intangibles")  
36 and 1997 c 56 s 24, 1995 c 48 s 60, 1981 c 41 s 10, & 1965 ex.s. c 157  
37 s 9-106;

1 (7) RCW 62A.9-107 (Definitions: "Purchase money security  
2 interest") and 1965 ex.s. c 157 s 9-107;  
3 (8) RCW 62A.9-108 (When after-acquired collateral not security for  
4 antecedent debt) and 1965 ex.s. c 157 s 9-108;  
5 (9) RCW 62A.9-109 (Classification of goods; "consumer goods";  
6 "equipment"; "farm products"; "inventory") and 1965 ex.s. c 157 s 9-  
7 109;  
8 (10) RCW 62A.9-110 (Sufficiency of description) and 1965 ex.s. c  
9 157 s 9-110;  
10 (11) RCW 62A.9-112 (Where collateral is not owned by debtor) and  
11 1965 ex.s. c 157 s 9-112;  
12 (12) RCW 62A.9-113 (Security interests arising under Article on  
13 sales or leases) and 1993 c 230 s 2A-603 & 1965 ex.s. c 157 s 9-113;  
14 (13) RCW 62A.9-114 (Consignment) and 1981 c 41 s 11;  
15 (14) RCW 62A.9-115 (Investment property) and 1995 c 48 s 61;  
16 (15) RCW 62A.9-116 (Security interest arising in purchase or  
17 delivery of financial asset) and 1995 c 48 s 62;  
18 (16) RCW 62A.9-201 (General validity of security agreement) and  
19 1965 ex.s. c 157 s 9-201;  
20 (17) RCW 62A.9-202 (Title to collateral immaterial) and 1965 ex.s.  
21 c 157 s 9-202;  
22 (18) RCW 62A.9-203 (Attachment and enforceability of security  
23 interest; proceeds; formal requisites) and 1996 c 77 s 4, 1995 c 48 s  
24 63, 1986 c 35 s 47, 1985 c 412 s 12, 1982 c 186 s 1, 1981 c 41 s 12, &  
25 1965 ex.s. c 157 s 9-203;  
26 (19) RCW 62A.9-204 (After-acquired property; future advances;  
27 livestock or meat products) and 1986 c 178 s 16, 1981 c 41 s 13, 1974  
28 ex.s. c 102 s 1, & 1965 ex.s. c 157 s 9-204;  
29 (20) RCW 62A.9-205 (Use or disposition of collateral without  
30 accounting permissible) and 1981 c 41 s 14 & 1965 ex.s. c 157 s 9-205;  
31 (21) RCW 62A.9-206 (Agreement not to assert defenses against  
32 assignee; modification of sales warranties where security agreement  
33 exists) and 1996 c 77 s 5 & 1965 ex.s. c 157 s 9-206;  
34 (22) RCW 62A.9-207 (Rights and duties when collateral is in  
35 secured party's possession) and 1965 ex.s. c 157 s 9-207;  
36 (23) RCW 62A.9-208 (Request for statement of account or list of  
37 collateral) and 1965 ex.s. c 157 s 9-208;

1 (24) RCW 62A.9-301 (Persons who take priority over unperfected  
2 security interests; rights of "lien creditor") and 1995 c 48 s 64, 1982  
3 c 186 s 2, 1981 c 41 s 15, & 1965 ex.s. c 157 s 9-301;

4 (25) RCW 62A.9-302 (When filing is required to perfect security  
5 interest; security interests to which filing provisions of this Article  
6 do not apply) and 1996 c 77 s 6 & 1995 c 48 s 65;

7 (26) RCW 62A.9-303 (When security interest is perfected;  
8 continuity of perfection) and 1965 ex.s. c 157 s 9-303;

9 (27) RCW 62A.9-304 (Perfection of security interest in  
10 instruments, documents, and goods covered by documents; perfection by  
11 permissive filing; temporary perfection without filing or transfer of  
12 possession) and 1997 c 56 s 25, 1995 c 48 s 66, 1986 c 35 s 49, 1981 c  
13 41 s 17, & 1965 ex.s. c 157 s 9-304;

14 (28) RCW 62A.9-305 (When possession by secured party perfects  
15 security interest without filing) and 1997 c 56 s 26, 1995 c 48 s 67,  
16 1986 c 35 s 50, 1981 c 41 s 18, & 1965 ex.s. c 157 s 9-305;

17 (29) RCW 62A.9-306 ("Proceeds"; secured party's rights on  
18 disposition of collateral) and 1995 c 48 s 68, 1981 c 41 s 19, & 1965  
19 ex.s. c 157 s 9-306;

20 (30) RCW 62A.9-307 (Protection of buyers of goods) and 1987 c 393  
21 s 15, 1985 c 412 s 13, 1981 c 41 s 20, & 1965 ex.s. c 157 s 9-307;

22 (31) RCW 62A.9-308 (Purchase of chattel paper and instruments) and  
23 1981 c 41 s 21 & 1965 ex.s. c 157 s 9-308;

24 (32) RCW 62A.9-309 (Protection of purchasers of instruments,  
25 documents, and securities) and 1995 c 48 s 69, 1986 c 35 s 51, & 1965  
26 ex.s. c 157 s 9-309;

27 (33) RCW 62A.9-310 (Priority of certain liens arising by operation  
28 of law) and 1991 c 286 s 7, 1986 c 242 s 16, 1985 c 412 s 10, 1983 c  
29 305 s 76, & 1965 ex.s. c 157 s 9-310;

30 (34) RCW 62A.9-311 (Alienability of debtor's rights: Judicial  
31 process) and 1965 ex.s. c 157 s 9-311;

32 (35) RCW 62A.9-312 (Priorities among conflicting security  
33 interests in the same collateral) and 1996 c 77 s 7, 1995 c 48 s 70,  
34 1989 c 251 s 1, 1986 c 35 s 52, 1982 c 186 s 3, 1981 c 41 s 22, & 1965  
35 ex.s. c 157 s 9-312;

36 (36) RCW 62A.9-313 (Priority of security interests in fixtures)  
37 and 1982 c 186 s 4, 1981 c 41 s 23, & 1965 ex.s. c 157 s 9-313;

38 (37) RCW 62A.9-314 (Accessions) and 1965 ex.s. c 157 s 9-314;

1 (38) RCW 62A.9-315 (Priority when goods are commingled or  
2 processed) and 1965 ex.s. c 157 s 9-315;

3 (39) RCW 62A.9-316 (Priority subject to subordination) and 1965  
4 ex.s. c 157 s 9-316;

5 (40) RCW 62A.9-317 (Secured party not obligated on contract of  
6 debtor) and 1965 ex.s. c 157 s 9-317;

7 (41) RCW 62A.9-318 (Defenses against assignee; modification of  
8 contract after notification of assignment; term prohibiting assignment  
9 ineffective; identification and proof of assignment) and 1981 c 41 s 24  
10 & 1965 ex.s. c 157 s 9-318;

11 (42) RCW 62A.9-401 (Place of filing; erroneous filing; removal of  
12 collateral) and 1981 c 41 s 25, 1979 c 158 s 211, 1977 ex.s. c 117 s 7,  
13 & 1965 ex.s. c 157 s 9-401;

14 (43) RCW 62A.9-402 (Formal requisites of financing statement;  
15 amendments; mortgage as financing statement) and 1989 c 251 s 2, 1982  
16 c 186 s 5, 1981 c 41 s 26, & 1965 ex.s. c 157 s 9-402;

17 (44) RCW 62A.9-403 (What constitutes filing; duration of filing;  
18 effect of lapsed filing; duties of filing officer) and 1987 c 189 s 2,  
19 1982 c 186 s 6, 1981 c 41 s 27, 1979 c 158 s 212, 1977 ex.s. c 117 s 8,  
20 1967 c 114 s 5, & 1965 ex.s. c 157 s 9-403;

21 (45) RCW 62A.9-404 (Termination statement) and 1982 c 186 s 7,  
22 1981 c 41 s 28, 1979 c 158 s 213, 1977 ex.s. c 117 s 9, 1967 c 114 s 6,  
23 & 1965 ex.s. c 157 s 9-404;

24 (46) RCW 62A.9-405 (Assignment of security interest; duties of  
25 filing officer) and 1987 c 189 s 3, 1982 c 186 s 8, 1981 c 41 s 29,  
26 1979 c 158 s 214, 1977 ex.s. c 117 s 10, 1967 c 114 s 7, & 1965 ex.s.  
27 c 157 s 9-405;

28 (47) RCW 62A.9-406 (Release of collateral; duties of filing  
29 officer) and 1987 c 189 s 4, 1982 c 186 s 9, 1981 c 41 s 30, 1979 c 158  
30 s 215, 1977 ex.s. c 117 s 11, 1967 c 114 s 9, & 1965 ex.s. c 157 s 9-  
31 406;

32 (48) RCW 62A.9-407 (Information from filing officer) and 1987 c  
33 189 s 5, 1982 c 186 s 10, 1981 c 41 s 31, 1967 c 114 s 10, & 1965 ex.s.  
34 c 157 s 9-407;

35 (49) RCW 62A.9-408 (Financing statements covering consigned or  
36 leased goods) and 1981 c 41 s 32;

37 (50) RCW 62A.9-409 (Standard filing forms, fees, and uniform  
38 procedures; acceptance for filing of financial statements on and after

1 June 12, 1967; laws governing; fees) and 1993 c 51 s 1, 1987 c 189 s 6,  
2 1979 c 158 s 216, 1977 ex.s. c 117 s 12, & 1967 c 114 s 12;

3 (51) RCW 62A.9-420 (Presigning of security agreements and  
4 financing statements; prefiling of financing statements) and 1967 c 114  
5 s 11;

6 (52) RCW 62A.9-501 (Default; procedure when security agreement  
7 covers both real and personal property) and 1997 c 138 s 1, 1981 c 41  
8 s 34, & 1965 ex.s. c 157 s 9-501;

9 (53) RCW 62A.9-502 (Collection rights of secured party) and 1981  
10 c 41 s 35 & 1965 ex.s. c 157 s 9-502;

11 (54) RCW 62A.9-503 (Secured party's right to take possession after  
12 default) and 1965 ex.s. c 157 s 9-503;

13 (55) RCW 62A.9-504 (Secured party's right to dispose of collateral  
14 after default; effect of disposition) and 1981 c 41 s 36 & 1965 ex.s.  
15 c 157 s 9-504;

16 (56) RCW 62A.9-505 (Compulsory disposition of collateral;  
17 acceptance of the collateral as discharge of obligation) and 1981 c 41  
18 s 37 & 1965 ex.s. c 157 s 9-505;

19 (57) RCW 62A.9-506 (Debtor's right to redeem collateral) and 1965  
20 ex.s. c 157 s 9-506; and

21 (58) RCW 62A.9-507 (Secured party's liability for failure to  
22 comply with this part) and 1965 ex.s. c 157 s 9-507.

23 NEW SECTION. **Sec. 902.** Sections 9A-101 through 9A-708 of this  
24 act constitute a new Article in Title 62A RCW.

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