
HOUSE BILL 1492

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Pedersen and Rodne; by request of Uniform Laws Commission

Read first time 01/24/11. Referred to Committee on Judiciary.

1 AN ACT Relating to the Uniform Commercial Code Article 9A on
2 secured transactions; amending RCW 62A.9A-102, 62A.9A-105, 62A.9A-307,
3 62A.9A-311, 62A.9A-316, 62A.9A-317, 62A.9A-326, 62A.9A-406, 62A.9A-408,
4 62A.9A-503, 62A.9A-507, 62A.9A-515, 62A.9A-516, 62A.9A-518, 62A.9A-521,
5 62A.2A-103, 43.340.050, and 60.56.015; adding new sections to chapter
6 62A.9A RCW; creating new sections; and providing an effective date.

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

8 **PART 1**

9 **GENERAL PROVISIONS**

10 **SUBPART 1. SHORT TITLE, DEFINITIONS, AND GENERAL CONCEPTS**

11 **Sec. 101.** RCW 62A.9A-102 and 2001 c 32 s 16 are each amended to
12 read as follows:

13 ~~((a))~~ (1) **Article 9A definitions.** In this Article:

14 ~~((1))~~ (a) "Accession" means goods that are physically united with
15 other goods in such a manner that the identity of the original goods is
16 not lost.

17 ~~((2)(A))~~ (b)(i) "Account," except as used in "account for," means
18 a right to payment of a monetary obligation, whether or not earned by

1 performance, ~~((+i))~~ (A) for property that has been or is to be sold,
2 leased, licensed, assigned, or otherwise disposed of, ~~((+ii))~~ (B) for
3 services rendered or to be rendered, ~~((+iii))~~ (C) for a policy of
4 insurance issued or to be issued, ~~((+iv))~~ (D) for a secondary
5 obligation incurred or to be incurred, ~~((+v))~~ (E) for energy provided
6 or to be provided, ~~((+vi))~~ (F) for the use or hire of a vessel under
7 a charter or other contract, ~~((+vii))~~ (G) arising out of the use of a
8 credit or charge card or information contained on or for use with the
9 card, or ~~((+viii))~~ (H) as winnings in a lottery or other game of
10 chance operated or sponsored by a state, governmental unit of a state,
11 or person licensed or authorized to operate the game by a state or
12 governmental unit of a state. The term includes health-care-insurance
13 receivables.

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

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

25 ~~((+4))~~ (d) "Accounting," except as used in "accounting for," means
26 a record:

27 ~~((+A))~~ (i) Authenticated by a secured party;

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

31 ~~((+C))~~ (iii) Identifying the components of the obligations in
32 reasonable detail.

33 ~~((+5))~~ (e) "Agricultural lien" means an interest, other than a
34 security interest, in farm products:

35 ~~((+A))~~ (i) Which secures payment or performance of an obligation
36 for:

37 ~~((+i))~~ (A) Goods or services furnished in connection with a
38 debtor's farming operation; or

1 ((+ii)) (B) Rent on real property leased by a debtor in connection
2 with its farming operation;

3 ((+B)) (ii) Which is created by statute in favor of a person that:
4 ((+i)) (A) In the ordinary course of its business, furnished goods
5 or services to a debtor in connection with a debtor's farming
6 operation; or

7 ((+ii)) (B) Leased real property to a debtor in connection with
8 the debtor's farming operation; and

9 ((+C)) (iii) Whose effectiveness does not depend on the person's
10 possession of the personal property.

11 ((+6)) (f) "As-extracted collateral" means:
12 ((+A)) (i) Oil, gas, or other minerals that are subject to a
13 security interest that:
14 ((+i)) (A) Is created by a debtor having an interest in the
15 minerals before extraction; and
16 ((+ii)) (B) Attaches to the minerals as extracted; or
17 ((+B)) (ii) Accounts arising out of the sale at the wellhead or
18 minehead of oil, gas, or other minerals in which the debtor had an
19 interest before extraction.

20 ((+7)) (g) "Authenticate" means:
21 ((+A)) (i) To sign; or
22 ~~((+B) To execute or otherwise adopt a symbol, or encrypt or~~
23 ~~similarly process a record in whole or in part, with the present intent~~
24 ~~of the authenticating person to identify the person and adopt or accept~~
25 ~~a record.~~

26 (+8)) (ii) With present intent to adopt or accept a record, to
27 attach to or logically associate with the record an electronic sound,
28 symbol, or process.

29 (h) "Bank" means an organization that is engaged in the business of
30 banking. The term includes savings banks, savings and loan
31 associations, credit unions, and trust companies.

32 ((+9)) (i) "Cash proceeds" means proceeds that are money, checks,
33 deposit accounts, or the like.

34 ((+10)) (j) "Certificate of title" means a certificate of title
35 with respect to which a statute provides for the security interest in
36 question to be indicated on the certificate as a condition or result of
37 the security interest's obtaining priority over the rights of a lien
38 creditor with respect to the collateral. The term includes another

1 record maintained as an alternative to a certificate of title by the
2 governmental unit that issues certificates of title if a statute
3 permits the security interest in question to be indicated on the record
4 as a condition or result of the security interest's obtaining priority
5 over the rights of a lien creditor with respect to the collateral.

6 ~~((+11+))~~ (k) "Chattel paper" means a record or records that
7 evidence both a monetary obligation and a security interest in specific
8 goods, a security interest in specific goods and software used in the
9 goods, a security interest in specific goods and license of software
10 used in the goods, a lease of specific goods, or a lease of specific
11 goods and license of software used in the goods. In this subsection,
12 "monetary obligation" means a monetary obligation secured by the goods
13 or owed under a lease of the goods and includes a monetary obligation
14 with respect to software used in the goods. The term "chattel paper"
15 does not include ~~((+A+))~~ (i) charters or other contracts involving the
16 use or hire of a vessel or ~~((+B+))~~ (ii) records that evidence a right
17 to payment arising out of the use of a credit or charge card or
18 information contained on or for use with the card. If a transaction is
19 evidenced by records that include an instrument or series of
20 instruments, the group of records taken together constitutes chattel
21 paper.

22 ~~((+12+))~~ (l) "Collateral" means the property subject to a security
23 interest or agricultural lien. The term includes:

24 ~~((+A+))~~ (i) Proceeds to which a security interest attaches;

25 ~~((+B+))~~ (ii) Accounts, chattel paper, payment intangibles, and
26 promissory notes that have been sold; and

27 ~~((+C+))~~ (iii) Goods that are the subject of a consignment.

28 ~~((+13+))~~ (m) "Commercial tort claim" means a claim arising in tort
29 with respect to which:

30 ~~((+A+))~~ (i) The claimant is an organization; or

31 ~~((+B+))~~ (ii) The claimant is an individual, and the claim:

32 ~~((+i+))~~ (A) Arose in the course of the claimant's business or
33 profession; and

34 ~~((+ii+))~~ (B) Does not include damages arising out of personal
35 injury to, or the death of, an individual.

36 ~~((+14+))~~ (n) "Commodity account" means an account maintained by a
37 commodity intermediary in which a commodity contract is carried for a
38 commodity customer.

1 ~~((+15+))~~ (o) "Commodity contract" means a commodity futures
2 contract, an option on a commodity futures contract, a commodity
3 option, or another contract if the contract or option is:
4 ~~((+A+))~~ (i) Traded on or subject to the rules of a board of trade
5 that has been designated as a contract market for such a contract
6 pursuant to federal commodities laws; or
7 ~~((+B+))~~ (ii) Traded on a foreign commodity board of trade,
8 exchange, or market, and is carried on the books of a commodity
9 intermediary for a commodity customer.
10 ~~((+16+))~~ (p) "Commodity customer" means a person for which a
11 commodity intermediary carries a commodity contract on its books.
12 ~~((+17+))~~ (q) "Commodity intermediary" means a person that:
13 ~~((+A+))~~ (i) Is registered as a futures commission merchant under
14 federal commodities law; or
15 ~~((+B+))~~ (ii) In the ordinary course of its business, provides
16 clearance or settlement services for a board of trade that has been
17 designated as a contract market pursuant to federal commodities law.
18 ~~((+18+))~~ (r) "Communicate" means:
19 ~~((+A+))~~ (i) To send a written or other tangible record;
20 ~~((+B+))~~ (ii) To transmit a record by any means agreed upon by the
21 persons sending and receiving the record; or
22 ~~((+C+))~~ (iii) In the case of transmission of a record to or by a
23 filing office, to transmit a record by any means prescribed by filing-
24 office rule.
25 ~~((+19+))~~ (s) "Consignee" means a merchant to which goods are
26 delivered in a consignment.
27 ~~((+20+))~~ (t) "Consignment" means a transaction, regardless of its
28 form, in which a person delivers goods to a merchant for the purpose of
29 sale and:
30 ~~((+A+))~~ (i) The merchant:
31 ~~((+i+))~~ (A) Deals in goods of that kind under a name other than the
32 name of the person making delivery;
33 ~~((+ii+))~~ (B) Is not an auctioneer; and
34 ~~((+iii+))~~ (C) Is not generally known by its creditors to be
35 substantially engaged in selling the goods of others;
36 ~~((+B+))~~ (ii) With respect to each delivery, the aggregate value of
37 the goods is one thousand dollars or more at the time of delivery;

1 ~~((C))~~ (iii) The goods are not consumer goods immediately before
2 delivery; and

3 ~~((D))~~ (iv) The transaction does not create a security interest
4 that secures an obligation.

5 ~~((21))~~ (u) "Consignor" means a person that delivers goods to a
6 consignee in a consignment.

7 ~~((22))~~ (v) "Consumer debtor" means a debtor in a consumer
8 transaction.

9 ~~((23))~~ (w) "Consumer goods" means goods that are used or bought
10 for use primarily for personal, family, or household purposes.

11 ~~((24))~~ (x) "Consumer-goods transaction" means a consumer
12 transaction in which:

13 ~~((A))~~ (i) An individual incurs a consumer obligation; and

14 ~~((B))~~ (ii) A security interest in consumer goods secures the
15 obligation.

16 ~~((25))~~ (y) "Consumer obligation" means an obligation which:

17 ~~((A))~~ (i) Is incurred as part of a transaction entered into
18 primarily for personal, family, or household purposes; and

19 ~~((B))~~ (ii) Arises from an extension of credit, or commitment to
20 extend credit, in an aggregate amount not exceeding forty thousand
21 dollars, or is secured by personal property used or expected to be used
22 as a principal dwelling.

23 "Consumer obligor" means an obligor who is an individual and who
24 incurred a consumer obligation.

25 ~~((26))~~ (z) "Consumer transaction" means a transaction in which
26 ~~((A))~~ (i) an individual incurs a consumer obligation, ~~((B))~~ (ii) a
27 security interest secures the obligation, and ~~((C))~~ (iii) the
28 collateral is held or acquired primarily for personal, family, or
29 household purposes. The term includes consumer-goods transactions.

30 ~~((27))~~ (aa) "Continuation statement" means an amendment of a
31 financing statement which:

32 ~~((A))~~ (i) Identifies, by its file number, the initial financing
33 statement to which it relates; and

34 ~~((B))~~ (ii) Indicates that it is a continuation statement for, or
35 that it is filed to continue the effectiveness of, the identified
36 financing statement.

37 ~~((28))~~ (bb) "Debtor" means:

1 ~~((A))~~ (i) A person having an interest, other than a security
2 interest or other lien, in the collateral, whether or not the person is
3 an obligor;

4 ~~((B))~~ (ii) A seller of accounts, chattel paper, payment
5 intangibles, or promissory notes; or

6 ~~((C))~~ (iii) A consignee.

7 ~~((29))~~ (cc) "Deposit account" means a demand, time, savings,
8 passbook, or similar account maintained with a bank. The term does not
9 include investment property or accounts evidenced by an instrument.

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

12 ~~((31))~~ (ee) "Electronic chattel paper" means chattel paper
13 evidenced by a record or records consisting of information stored in an
14 electronic medium.

15 ~~((32))~~ (ff) "Encumbrance" means a right, other than an ownership
16 interest, in real property. The term includes mortgages and other
17 liens on real property.

18 ~~((33))~~ (gg) "Equipment" means goods other than inventory, farm
19 products, or consumer goods.

20 ~~((34))~~ (hh) "Farm products" means goods, other than standing
21 timber, with respect to which the debtor is engaged in a farming
22 operation and which are:

23 ~~((A))~~ (i) Crops grown, growing, or to be grown, including:
24 ~~((i))~~ (A) Crops produced on trees, vines, and bushes; and
25 ~~((ii))~~ (B) Aquatic goods produced in aquacultural operations;
26 ~~((B))~~ (ii) Livestock, born or unborn, including aquatic goods
27 produced in aquacultural operations;

28 ~~((C))~~ (iii) Supplies used or produced in a farming operation; or
29 ~~((D))~~ (iv) Products of crops or livestock in their unmanufactured
30 states.

31 ~~((35))~~ (ii) "Farming operation" means raising, cultivating,
32 propagating, fattening, grazing, or any other farming, livestock, or
33 aquacultural operation.

34 ~~((36))~~ (jj) "File number" means the number assigned to an initial
35 financing statement pursuant to RCW 62A.9A-519(a).

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

1 ~~((+38+))~~ (ll) "Filing-office rule" means a rule adopted pursuant to
2 RCW 62A.9A-526.

3 ~~((+39+))~~ (mm) "Financing statement" means a record or records
4 composed of an initial financing statement and any filed record
5 relating to the initial financing statement.

6 ~~((+40+))~~ (nn) "Fixture filing" means the filing of a financing
7 statement covering goods that are or are to become fixtures and
8 satisfying RCW 62A.9A-502 (a) and (b). The term includes the filing of
9 a financing statement covering goods of a transmitting utility which
10 are or are to become fixtures.

11 ~~((+41+))~~ (oo) "Fixtures" means goods that have become so related to
12 particular real property that an interest in them arises under real
13 property law.

14 ~~((+42+))~~ (pp) "General intangible" means any personal property,
15 including things in action, other than accounts, chattel paper,
16 commercial tort claims, deposit accounts, documents, goods,
17 instruments, investment property, letter-of-credit rights, letters of
18 credit, money, and oil, gas, or other minerals before extraction. The
19 term includes payment intangibles and software.

20 ~~((+43+))~~ (qq) "Good faith" means honesty in fact and the observance
21 of reasonable commercial standards of fair dealing.

22 ~~((+44+))~~ (rr) "Goods" means all things that are movable when a
23 security interest attaches. The term includes ~~((+A+))~~ (i) fixtures,
24 ~~((+B+))~~ (ii) standing timber that is to be cut and removed under a
25 conveyance or contract for sale, ~~((+C+))~~ (iii) the unborn young of
26 animals, ~~((+D+))~~ (iv) crops grown, growing, or to be grown, even if the
27 crops are produced on trees, vines, or bushes, and ~~((+E+))~~ (v)
28 manufactured homes. The term also includes a computer program embedded
29 in goods and any supporting information provided in connection with a
30 transaction relating to the program if ~~((+i+))~~ (A) the program is
31 associated with the goods in such a manner that it customarily is
32 considered part of the goods, or ~~((+ii+))~~ (B) by becoming the owner of
33 the goods, a person acquires a right to use the program in connection
34 with the goods. The term does not include a computer program embedded
35 in goods that consist solely of the medium in which the program is
36 embedded. The term also does not include accounts, chattel paper,
37 commercial tort claims, deposit accounts, documents, general
38 intangibles, instruments, investment property, letter-of-credit rights,

1 letters of credit, money, or oil, gas, or other minerals before
2 extraction or a manufactured home converted to real property under
3 chapter 65.20 RCW.

4 ~~((45))~~ (ss) "Governmental unit" means a subdivision, agency,
5 department, county, parish, municipality, or other unit of the
6 government of the United States, a state, or a foreign country. The
7 term includes an organization having a separate corporate existence if
8 the organization is eligible to issue debt on which interest is exempt
9 from income taxation under the laws of the United States.

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

13 ~~((47))~~ (uu) "Instrument" means a negotiable instrument or any
14 other writing that evidences a right to the payment of a monetary
15 obligation, is not itself a security agreement or lease, and is of a
16 type that in ordinary course of business is transferred by delivery
17 with any necessary ~~((indorsement))~~ endorsement or assignment. The term
18 does not include ~~((A))~~ (i) investment property, ~~((B))~~ (ii) letters
19 of credit, ~~((C))~~ (iii) writings that evidence a right to payment
20 arising out of the use of a credit or charge card or information
21 contained on or for use with the card, ~~((D))~~ (iv) writings that do
22 not contain a promise or order to pay, or ~~((E))~~ (v) writings that are
23 expressly nontransferable or nonassignable.

24 ~~((48))~~ (vv) "Inventory" means goods, other than farm products,
25 which:

26 ~~((A))~~ (i) Are leased by a person as lessor;

27 ~~((B))~~ (ii) Are held by a person for sale or lease or to be
28 furnished under a contract of service;

29 ~~((C))~~ (iii) Are furnished by a person under a contract of
30 service; or

31 ~~((D))~~ (iv) Consist of raw materials, work in process, or
32 materials used or consumed in a business.

33 ~~((49))~~ (ww) "Investment property" means a security, whether
34 certificated or uncertificated, security entitlement, securities
35 account, commodity contract, or commodity account.

36 ~~((50))~~ (xx) "Jurisdiction of organization," with respect to a
37 registered organization, means the jurisdiction under whose law the
38 organization is organized.

1 ~~((+51+))~~ (yy) "Letter-of-credit right" means a right to payment or
2 performance under a letter of credit, whether or not the beneficiary
3 has demanded or is at the time entitled to demand payment or
4 performance. The term does not include the right of a beneficiary to
5 demand payment or performance under a letter of credit.

6 ~~((+52+))~~ (zz) "Lien creditor" means:

7 ~~((+A+))~~ (i) A creditor that has acquired a lien on the property
8 involved by attachment, levy, or the like;

9 ~~((+B+))~~ (ii) An assignee for benefit of creditors from the time of
10 assignment;

11 ~~((+C+))~~ (iii) A trustee in bankruptcy from the date of the filing
12 of the petition; or

13 ~~((+D+))~~ (iv) A receiver in equity from the time of appointment.

14 ~~((+53+))~~ (aaa) "Manufactured home" means a manufactured home or
15 mobile home as defined in RCW 46.04.302.

16 ~~((+54+))~~ (bbb) [Reserved]

17 ~~((+55+))~~ (ccc) "Mortgage" means a consensual interest in real
18 property, including fixtures, which secures payment or performance of
19 an obligation.

20 ~~((+56+))~~ (ddd) "New debtor" means a person that becomes bound as
21 debtor under RCW 62A.9A-203(d) by a security agreement previously
22 entered into by another person.

23 ~~((+57+))~~ (eee) "New value" means ~~((+A+))~~ (i) money, ~~((+B+))~~ (ii)
24 money's worth in property, services, or new credit, or ~~((+C+))~~ (iii)
25 release by a transferee of an interest in property previously
26 transferred to the transferee. The term does not include an obligation
27 substituted for another obligation.

28 ~~((+58+))~~ (fff) "Noncash proceeds" means proceeds other than cash
29 proceeds.

30 ~~((+59+))~~ (ggg) "Obligor" means a person that, with respect to an
31 obligation secured by a security interest in or an agricultural lien on
32 the collateral, ~~((+A+))~~ (i) owes payment or other performance of the
33 obligation, ~~((+B+))~~ (ii) has provided property other than the
34 collateral to secure payment or other performance of the obligation, or
35 ~~((+C+))~~ (iii) is otherwise accountable in whole or in part for payment
36 or other performance of the obligation. The term does not include
37 issuers or nominated persons under a letter of credit.

1 ~~((60))~~ (hhh) "Original debtor", except as used in RCW 62A.9A-
2 310(c), means a person that, as debtor, entered into a security
3 agreement to which a new debtor has become bound under RCW 62A.9A-
4 203(d).

5 ~~((61))~~ (iii) "Payment intangible" means a general intangible
6 under which the account debtor's principal obligation is a monetary
7 obligation.

8 ~~((62))~~ (jjj) "Person related to," with respect to an individual,
9 means:

10 ~~((A))~~ (i) The spouse or state-registered domestic partner of the
11 individual;

12 ~~((B))~~ (ii) A brother, brother-in-law, sister, or sister-in-law of
13 the individual;

14 ~~((C))~~ (iii) An ancestor or lineal descendant of the individual or
15 the individual's spouse or state-registered domestic partner; or

16 ~~((D))~~ (iv) Any other relative, by blood or ~~((marriage))~~ law, of
17 the individual or the individual's spouse or state-registered domestic
18 partner who shares the same home with the individual.

19 ~~((63))~~ (kkk) "Person related to," with respect to an
20 organization, means:

21 ~~((A))~~ (i) A person directly or indirectly controlling, controlled
22 by, or under common control with the organization;

23 ~~((B))~~ (ii) An officer or director of, or a person performing
24 similar functions with respect to, the organization;

25 ~~((C))~~ (iii) An officer or director of, or a person performing
26 similar functions with respect to, a person described in ~~((63)(A))~~
27 (kkk)(i) of this subsection;

28 ~~((D))~~ (iv) The spouse or state-registered domestic partner of an
29 individual described in ~~((63)(A), (B), or (C))~~ (kkk)(i), (ii), or
30 (iii) of this subsection; or

31 ~~((E))~~ (v) An individual who is related by blood or ~~((marriage))~~
32 law to an individual described in ~~((63)(A), (B), (C), or (D))~~
33 (kkk)(i), (ii), (iii), or (iv) of this subsection and shares the same
34 home with the individual.

35 ~~((64))~~ (lll) "Proceeds", except as used in RCW 62A.9A-609(b),
36 means the following property:

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

1 ~~((B))~~ (ii) Whatever is collected on, or distributed on account
2 of, collateral;

3 ~~((C))~~ (iii) Rights arising out of collateral;

4 ~~((D))~~ (iv) To the extent of the value of collateral, claims
5 arising out of the loss, nonconformity, or interference with the use
6 of, defects or infringement of rights in, or damage to, the collateral;
7 or

8 ~~((E))~~ (v) To the extent of the value of collateral and to the
9 extent payable to the debtor or the secured party, insurance payable by
10 reason of the loss or nonconformity of, defects or infringement of
11 rights in, or damage to, the collateral.

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

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

20 ~~((67))~~ (ooo) "Public-finance transaction" means a secured
21 transaction in connection with which:

22 ~~((A))~~ (i) Debt securities are issued;

23 ~~((B))~~ (ii) All or a portion of the securities issued have an
24 initial stated maturity of at least twenty years; and

25 ~~((C))~~ (iii) The debtor, obligor, secured party, account debtor or
26 other person obligated on collateral, assignor or assignee of a secured
27 obligation, or assignor or assignee of a security interest is a state
28 or a governmental unit of a state.

29 ~~((68))~~ (ppp) "Public organic record" means a record that is
30 available to the public for inspection and is:

31 (i) A record consisting of the record initially filed with or
32 issued by a state or the United States to form or organize an
33 organization and any record filed with or issued by the state or the
34 United States which amends or restates the initial record;

35 (ii) An organic record of a business trust consisting of the record
36 initially filed with a state and any record filed with the state which
37 amends or restates the initial record, if a statute of the state

1 governing business trusts requires that the record be filed with the
2 state; or

3 (iii) A record consisting of legislation enacted by the legislature
4 of a state or the congress of the United States which forms or
5 organizes an organization, any record amending the legislation, and any
6 record filed with or issued by the state or the United States which
7 amends or restates the name of the organization.

8 (qqq) "Pursuant to commitment," with respect to an advance made or
9 other value given by a secured party, means pursuant to the secured
10 party's obligation, whether or not a subsequent event of default or
11 other event not within the secured party's control has relieved or may
12 relieve the secured party from its obligation.

13 ((+69+)) (rrr) "Record," except as used in "for record," "of
14 record," "record or legal title," and "record owner," means information
15 that is inscribed on a tangible medium or which is stored in an
16 electronic or other medium and is retrievable in perceivable form.

17 ((+70+)) (sss) "Registered organization" means an organization
18 formed or organized solely under the law of a single state or the
19 United States ~~((and as to which the state or the United States must~~
20 ~~maintain a public record showing the organization to have been~~
21 ~~organized)) by the filing of a public organic record with, the issuance~~
22 of a public organic record by, or the enactment of legislation by the
23 state or the United States. The term includes a business trust that is
24 formed or organized under the law of a single state if a statute of the
25 state governing business trusts requires that the business trust's
26 organic record be filed with the state.

27 ((+71+)) (ttt) "Secondary obligor" means an obligor to the extent
28 that:

29 ((+A+)) (i) The obligor's obligation is secondary; or

30 ((+B+)) (ii) The obligor has a right of recourse with respect to an
31 obligation secured by collateral against the debtor, another obligor,
32 or property of either.

33 ((+72+)) (uuu) "Secured party" means:

34 ((+A+)) (i) A person in whose favor a security interest is created
35 or provided for under a security agreement, whether or not any
36 obligation to be secured is outstanding;

37 ((+B+)) (ii) A person that holds an agricultural lien;

38 ((+C+)) (iii) A consignor;

1 ~~((D))~~ (iv) A person to which accounts, chattel paper, payment
2 intangibles, or promissory notes have been sold;
3 ~~((E))~~ (v) A trustee, indenture trustee, agent, collateral agent,
4 or other representative in whose favor a security interest or
5 agricultural lien is created or provided for; or
6 ~~((F))~~ (vi) A person that holds a security interest arising under
7 RCW 62A.2-401, 62A.2-505, 62A.2-711(3), 62A.2A-508(5), 62A.4-210, or
8 62A.5-118.
9 ~~((73))~~ (vuv) "Security agreement" means an agreement that creates
10 or provides for a security interest.
11 ~~((74))~~ (www) "Send," in connection with a record or notification,
12 means:
13 ~~((A))~~ (i) To deposit in the mail, deliver for transmission, or
14 transmit by any other usual means of communication, with postage or
15 cost of transmission provided for, addressed to any address reasonable
16 under the circumstances; or
17 ~~((B))~~ (ii) To cause the record or notification to be received
18 within the time that it would have been received if properly sent under
19 ~~((A))~~ (www)(i) of this subsection.
20 ~~((75))~~ (xxx) "Software" means a computer program and any
21 supporting information provided in connection with a transaction
22 relating to the program. The term does not include a computer program
23 that is included in the definition of goods.
24 ~~((76))~~ (yyy) "State" means a state of the United States, the
25 District of Columbia, Puerto Rico, the United States Virgin Islands, or
26 any territory or insular possession subject to the jurisdiction of the
27 United States.
28 ~~((77))~~ (zzz) "Supporting obligation" means a letter-of-credit
29 right or secondary obligation that supports the payment or performance
30 of an account, chattel paper, a document, a general intangible, an
31 instrument, or investment property.
32 ~~((78))~~ (aaaa) "Tangible chattel paper" means chattel paper
33 evidenced by a record or records consisting of information that is
34 inscribed on a tangible medium.
35 ~~((79))~~ (bbbb) "Termination statement" means an amendment of a
36 financing statement which:
37 ~~((A))~~ (i) Identifies, by its file number, the initial financing
38 statement to which it relates; and

1 (~~(B)~~) (ii) Indicates either that it is a termination statement or
2 that the identified financing statement is no longer effective.

3 (~~(80)~~) (cccc) "Transmitting utility" means a person primarily
4 engaged in the business of:

5 (~~(A)~~) (i) Operating a railroad, subway, street railway, or
6 trolley bus;

7 (~~(B)~~) (ii) Transmitting communications electrically,
8 electromagnetically, or by light;

9 (~~(C)~~) (iii) Transmitting goods by pipeline or sewer; or

10 (~~(D)~~) (iv) Transmitting or producing and transmitting
11 electricity, steam, gas, or water.

12 (~~(b)~~) (2) **Definitions in other Articles.** The following
13 definitions in other Articles apply to this Article:

14	"Applicant."	RCW 62A.5-102.
15	"Beneficiary."	RCW 62A.5-102.
16	"Broker."	RCW 62A.8-102.
17	"Certificated security."	RCW 62A.8-102.
18	"Check."	RCW 62A.3-104.
19	"Clearing corporation."	RCW 62A.8-102.
20	"Contract for sale."	RCW 62A.2-106.
21	"Customer."	RCW 62A.4-104.
22	"Entitlement holder."	RCW 62A.8-102.
23	"Financial asset."	RCW 62A.8-102.
24	"Holder in due course."	RCW 62A.3-302.
25	"Issuer" with respect to a	
26	letter of credit or letter-	
27	of-credit right.	RCW 62A.5-102.
28	"Issuer" with respect to a	
29	security.	RCW 62A.8-201.
30	"Lease."	RCW 62A.2A-103.
31	"Lease agreement."	RCW 62A.2A-103.
32	"Lease contract."	RCW 62A.2A-103.
33	"Leasehold interest."	RCW 62A.2A-103.
34	"Lessee."	RCW 62A.2A-103.
35	"Lessee in ordinary course	
36	of business."	RCW 62A.2A-103.

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

18 ~~((e))~~ (3) **Article 1 definitions and principles.** Article 1
19 contains general definitions and principles of construction and
20 interpretation applicable throughout this Article.

21 **Sec. 102.** RCW 62A.9A-105 and 2001 c 32 s 18 are each amended to
22 read as follows:

23 (1) **General rule: Control of electronic chattel paper.** A secured
24 party has control of electronic chattel paper if a system employed for
25 evidencing the transfer of interests in the chattel paper reliably
26 establishes the secured party as the person to which the chattel paper
27 was assigned.

28 (2) **Specific facts giving control.** A system satisfies subsection
29 (1) of this section if the record or records comprising the chattel
30 paper are created, stored, and assigned in such a manner that:

31 ~~((1))~~ (a) A single authoritative copy of the record or records
32 exists which is unique, identifiable and, except as otherwise provided
33 in ~~((subsections (4), (5), and (6) of this section))~~ (d), (e), and (f)
34 of this subsection, unalterable;

35 ~~((2))~~ (b) The authoritative copy identifies the secured party as
36 the assignee of the record or records;

1 ~~((d))~~ (4) **Continuation of location: Cessation of existence, etc.**

2 A person that ceases to exist, have a residence, or have a place of
3 business continues to be located in the jurisdiction specified by
4 subsections ~~((b) and (c))~~ (2) and (3) of this section.

5 ~~((e))~~ (5) **Location of registered organization organized under**
6 **state law.** A registered organization that is organized under the law
7 of a state is located in that state.

8 ~~((f))~~ (6) **Location of registered organization organized under**
9 **federal law; bank branches and agencies.** Except as otherwise provided
10 in subsection ~~((i))~~ (9) of this section, a registered organization
11 that is organized under the law of the United States and a branch or
12 agency of a bank that is not organized under the law of the United
13 States or a state are located:

14 ~~((1))~~ (a) In the state that the law of the United States
15 designates, if the law designates a state of location;

16 ~~((2))~~ (b) In the state that the registered organization, branch,
17 or agency designates, if the law of the United States authorizes the
18 registered organization, branch, or agency to designate its state of
19 location, including by designating its main office, home office, or
20 other comparable office; or

21 ~~((3))~~ (c) In the District of Columbia, if neither ~~((1) nor (2))~~
22 (a) or (b) of this subsection applies.

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

27 ~~((1))~~ (a) The suspension, revocation, forfeiture, or lapse of the
28 registered organization's status as such in its jurisdiction of
29 organization; or

30 ~~((2))~~ (b) The dissolution, winding up, or cancellation of the
31 existence of the registered organization.

32 ~~((h))~~ (8) **Location of United States.** The United States is
33 located in the District of Columbia.

34 ~~((i))~~ (9) **Location of foreign bank branch or agency if licensed**
35 **in only one state.** A branch or agency of a bank that is not organized
36 under the law of the United States or a state is located in the state
37 in which the branch or agency is licensed, if all branches and agencies
38 of the bank are licensed in only one state.

1 ((+j)) (10) **Location of foreign air carrier.** A foreign air
2 carrier under the Federal Aviation Act of 1958, as amended, is located
3 at the designated office of the agent upon which service of process may
4 be made on behalf of the carrier.

5 ((+k)) (11) **Section applies only to this part.** This section
6 applies only for purposes of this part.

7 SUBPART 2. PERFECTION

8 **Sec. 202.** RCW 62A.9A-311 and 2010 c 161 s 1151 are each amended to
9 read as follows:

10 ((+a)) (1) **Security interest subject to other law.** Except as
11 otherwise provided in subsection ((+d)) (4) of this section, the
12 filing of a financing statement is not necessary or effective to
13 perfect a security interest in property subject to:

14 ((+1)) (a) A statute, regulation, or treaty of the United States
15 whose requirements for a security interest's obtaining priority over
16 the rights of a lien creditor with respect to the property preempt RCW
17 62A.9A-310(a);

18 ((+2)) (b) RCW 46.12.675 or 88.02.520, or chapter 65.12 RCW; or

19 ((+3)) (c) A ((certificate of title)) statute of another
20 jurisdiction which provides for a security interest to be indicated on
21 ((the)) a certificate of title as a condition or result of the security
22 interest's obtaining priority over the rights of a lien creditor with
23 respect to the property.

24 ((+b)) (2) **Compliance with other law.** Compliance with the
25 requirements of a statute, regulation, or treaty described in
26 subsection ((+a)) (1) of this section for obtaining priority over the
27 rights of a lien creditor is equivalent to the filing of a financing
28 statement under this Article. Except as otherwise provided in
29 subsection ((+d)) (4) of this section, RCW 62A.9A-313, and 62A.9A-316
30 ((+d) and (+e)) (4) and (5) for goods covered by a certificate of
31 title, a security interest in property subject to a statute,
32 regulation, or treaty described in subsection ((+a)) (1) of this
33 section may be perfected only by compliance with those requirements,
34 and a security interest so perfected remains perfected notwithstanding
35 a change in the use or transfer of possession of the collateral.

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

9 ~~((d))~~ (4) **Inapplicability to certain inventory.** During any
10 period in which collateral subject to RCW ~~((46.12.095))~~ 46.12.675 or
11 88.02.520, or chapter 65.12 RCW is inventory held for sale or lease by
12 a person or leased by that person as lessor and that person is in the
13 business of selling goods of that kind, this section does not apply to
14 a security interest in that collateral created by that person.

15 **Sec. 203.** RCW 62A.9A-316 and 2000 c 250 s 9A-316 are each amended
16 to read as follows:

17 ~~((a))~~ (1) **General rule: Effect on perfection of change in**
18 **governing law.** A security interest perfected pursuant to the law of
19 the jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-305(c)
20 remains perfected until the earliest of:

21 ~~((1))~~ (a) The time perfection would have ceased under the law of
22 that jurisdiction;

23 ~~((2))~~ (b) The expiration of four months after a change of the
24 debtor's location to another jurisdiction; or

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

28 ~~((b))~~ (2) **Security interest perfected or unperfected under law of**
29 **new jurisdiction.** If a security interest described in subsection
30 ~~((a))~~ (1) of this section becomes perfected under the law of the
31 other jurisdiction before the earliest time or event described in
32 subsection ~~((a))~~ (1) of this section, it remains perfected
33 thereafter. If the security interest does not become perfected under
34 the law of the other jurisdiction before the earliest time or event, it
35 becomes unperfected and is deemed never to have been perfected as
36 against a purchaser of the collateral for value.

1 ((+e)) **(3) 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)) **(a)** The collateral is located in one jurisdiction and
6 subject to a security interest perfected under the law of that
7 jurisdiction;

8 ((+2)) **(b)** Thereafter the collateral is brought into another
9 jurisdiction; and

10 ((+3)) **(c)** Upon entry into the other jurisdiction, the security
11 interest is perfected under the law of the other jurisdiction.

12 ((+d)) **(4) Goods covered by certificate of title from this state.**
13 Except as otherwise provided in subsection ((+e)) **(5)** of this section,
14 a security interest in goods covered by a certificate of title which is
15 perfected by any method under the law of another jurisdiction when the
16 goods become covered by a certificate of title from this state remains
17 perfected until the security interest would have become unperfected
18 under the law of the other jurisdiction had the goods not become so
19 covered.

20 ((+e)) **(5) When subsection ((+d)) (4) security interest becomes**
21 **unperfected against purchasers.** A security interest described in
22 subsection ((+d)) **(4)** of this section becomes unperfected as against
23 a purchaser of the goods for value and is deemed never to have been
24 perfected as against a purchaser of the goods for value if the
25 applicable requirements for perfection under RCW 62A.9A-311((+b)) **(2)**
26 or 62A.9A-313 are not satisfied before the earlier of:

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

30 ((+2)) **(b)** The expiration of four months after the goods had
31 become so covered.

32 ((+f)) **(6) Change in jurisdiction of bank, issuer, nominated**
33 **person, securities intermediary, or commodity intermediary.** A security
34 interest in deposit accounts, letter-of-credit rights, or investment
35 property which is perfected under the law of the bank's jurisdiction,
36 the issuer's jurisdiction, a nominated person's jurisdiction, the
37 securities intermediary's jurisdiction, or the commodity intermediary's
38 jurisdiction, as applicable, remains perfected until the earlier of:

1 ~~((1))~~ (a) The time the security interest would have become
2 unperfected under the law of that jurisdiction; or

3 ~~((2))~~ (b) The expiration of four months after a change of the
4 applicable jurisdiction to another jurisdiction.

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

15 (8) Effect on filed financing statement of change in governing law.
16 The following rules apply to collateral to which a security interest
17 attaches within four months after the debtor changes its location to
18 another jurisdiction:

19 (a) A financing statement filed before the change pursuant to the
20 law of the jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-
21 305(c) is effective to perfect a security interest in the collateral if
22 the financing statement would have been effective to perfect a security
23 interest in the collateral had the debtor not changed its location.

24 (b) If a security interest perfected by a financing statement that
25 is effective under (a) of this subsection (8) becomes perfected under
26 the law of the other jurisdiction before the earlier of the time the
27 financing statement would have become ineffective under the law of the
28 jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-305(c) or the
29 expiration of the four-month period, it remains perfected thereafter.
30 If the security interest does not become perfected under the law of the
31 other jurisdiction before the earlier time or event, it becomes
32 unperfected and is deemed never to have been perfected as against a
33 purchaser of the collateral for value.

34 (9) Effect of change in governing law on financing statement filed
35 against original debtor. If a financing statement naming an original
36 debtor is filed pursuant to the law of the jurisdiction designated in
37 RCW 62A.9A-301(1) or 62A.9A-305(c) and the new debtor is located in
38 another jurisdiction, the following rules apply:

1 (a) The financing statement is effective to perfect a security
2 interest in collateral acquired by the new debtor before, and within
3 four months after, the new debtor becomes bound under RCW 62A.-9A-
4 203(d), if the financing statement would have been effective to perfect
5 a security interest in the collateral had the collateral been acquired
6 by the original debtor.

7 (b) A security interest perfected by the financing statement and
8 which becomes perfected under the law of the other jurisdiction before
9 the earlier of the time the financing statement would have become
10 ineffective under the law of the jurisdiction designated in RCW 62A.9A-
11 301(1) or 62A.9A-305(c) or the expiration of the four-month period
12 remains perfected thereafter. A security interest that is perfected by
13 the financing statement but which does not become perfected under the
14 law of the other jurisdiction before the earlier time or event becomes
15 unperfected and is deemed never to have been perfected as against a
16 purchaser of the collateral for value.

17 SUBPART 3. PRIORITY

18 **Sec. 204.** RCW 62A.9A-317 and 2001 c 32 s 27 are each amended to
19 read as follows:

20 ~~((+a))~~ **(1) Conflicting security interests and rights of lien**
21 **creditors.** A security interest or agricultural lien is subordinate to
22 the rights of:

23 ~~((+1))~~ **(a)** A person entitled to priority under RCW 62A.9A-322; and

24 ~~((+2))~~ **(b)** Except as otherwise provided in subsection ~~((+e))~~ **(5)**
25 of this section, a person that becomes a lien creditor before the
26 earlier of the time:

27 ~~((+A))~~ **(i)** The security interest or agricultural lien is
28 perfected; or

29 ~~((+B))~~ **(ii)** One of the conditions specified in RCW 62A.9A-
30 203(b)(3) is met and a financing statement covering the collateral is
31 filed.

32 ~~((+b))~~ **(2) Buyers that receive delivery.** Except as otherwise
33 provided in subsection ~~((+e))~~ **(5)** of this section, a buyer, other than
34 a secured party, of tangible chattel paper, documents, goods,
35 instruments, or a ~~((security certificate))~~ certified security takes

1 free of a security interest or agricultural lien if the buyer gives
2 value and receives delivery of the collateral without knowledge of the
3 security interest or agricultural lien and before it is perfected.

4 ~~((e))~~ **(3) Lessees that receive delivery.** Except as otherwise
5 provided in subsection ~~((e))~~ **(5)** of this section, a lessee of goods
6 takes free of a security interest or agricultural lien if the lessee
7 gives value and receives delivery of the collateral without knowledge
8 of the security interest or agricultural lien and before it is
9 perfected.

10 ~~((d))~~ **(4) Licensees and buyers of certain collateral.** A licensee
11 of a general intangible or a buyer, other than a secured party, of
12 ~~((accounts, electronic chattel paper, general intangibles, or
13 investment property))~~ collateral other than tangible chattel paper,
14 tangible documents, goods, instruments, or a certificated security
15 takes free of a security interest if the licensee or buyer gives value
16 without knowledge of the security interest and before it is perfected.

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

24 **Sec. 205.** RCW 62A.9A-326 and 2000 c 250 s 9A-326 are each amended
25 to read as follows:

26 ~~((a))~~ **(1) Subordination of security interest created by new**
27 **debtor.** Subject to subsection ~~((b))~~ **(2)** of this section, a security
28 interest that is created by a new debtor ~~((which is))~~ in collateral in
29 which the new debtor has or acquires rights and is perfected solely by
30 a filed financing statement that ~~((is effective solely under RCW~~
31 ~~62A.9A-508 in collateral in which a new debtor has or acquires rights))~~
32 would be ineffective to perfect the security interest but for the
33 application of RCW 62A.9A-316(9)(a) or 62A.9A-508 is subordinate to a
34 security interest in the same collateral which is perfected other than
35 by such a filed financing statement ~~((that is effective solely under~~
36 ~~RCW 62A.9A-508))~~.

1 ~~((B))~~ (ii) A portion has been assigned to another assignee; or
2 ~~((C))~~ (iii) The account debtor knows that the assignment to that
3 assignee is limited.

4 ~~((e))~~ (3) Proof of assignment. Subject to subsection ~~((h))~~ (8)
5 of this section, if requested by the account debtor, an assignee shall
6 seasonably furnish reasonable proof that the assignment has been made.
7 Unless the assignee complies, the account debtor may discharge its
8 obligation by paying the assignor, even if the account debtor has
9 received a notification under subsection ~~((a))~~ (1) of this section.

10 ~~((d))~~ (4) Term restricting assignment generally ineffective.
11 Except as otherwise provided in subsection ~~((e))~~ (5) of this section
12 and RCW 62A.2A-303 and 62A.9A-407, and subject to subsections ~~((h))~~
13 (8) and ~~((j))~~ (10) of this section, a term in an agreement between an
14 account debtor and an assignor or in a promissory note is ineffective
15 to the extent that it:

16 ~~((1))~~ (a) Prohibits, restricts, or requires the consent of the
17 account debtor or person obligated on the promissory note to the
18 assignment or transfer of, or the creation, attachment, perfection, or
19 enforcement of a security interest in, the account, chattel paper,
20 payment intangible, or promissory note; or

21 ~~((2))~~ (b) Provides that the assignment or transfer or the
22 creation, attachment, perfection, or enforcement of the security
23 interest may give rise to a default, breach, right of recoupment,
24 claim, defense, termination, right of termination, or remedy under the
25 account, chattel paper, payment intangible, or promissory note.

26 ~~((e))~~ (5) Inapplicability of subsection ~~((d))~~ (4) of this
27 section to certain sales. Subsection ~~((d))~~ (4) of this section does
28 not apply to the sale of a payment intangible or promissory note, other
29 than a sale pursuant to a disposition under RCW 62A.9A-610 or an
30 acceptance of collateral under RCW 62A.9A-620.

31 ~~((f))~~ (6) [Reserved]

32 ~~((g))~~ (7) Subsection ~~((b)(3))~~ (2)(c) of this section not
33 waivable. Subject to subsection ~~((h))~~ (8) of this section, an
34 account debtor may not waive or vary its option under subsection
35 ~~((b)(3))~~ (2)(c) of this section.

36 ~~((h))~~ (8) Rule for individual under other law. This section is
37 subject to law other than this Article which establishes a different

1 rule for an account debtor who is an individual and who incurred the
2 obligation primarily for personal, family, or household purposes.

3 ~~((+i))~~ **(9) Inapplicability to health-care-insurance receivable.**

4 This section does not apply to an assignment of a health-care-insurance
5 receivable.

6 ~~((+j)(+1))~~ **(10)(a) Inapplicability of subsection ~~((+d))~~ (4) of
7 this section to certain transactions.** After July 1, 2003, subsection
8 ~~((+d))~~ (4) of this section does not apply to the assignment or
9 transfer of or creation of a security interest in:

10 ~~((+A))~~ (i) A claim or right to receive compensation for injuries
11 or sickness as described in 26 U.S.C. Sec. 104(a)(1) or (2); or

12 ~~((+B))~~ (ii) A claim or right to receive benefits under a special
13 needs trust as described in 42 U.S.C. Sec. 1396p(d)(4).

14 ~~((+2))~~ (b) This subsection will not affect a transfer of
15 structured settlement payment rights under chapter 19.205 RCW.

16 **Sec. 302.** RCW 62A.9A-408 and 2003 c 87 s 2 are each amended to
17 read as follows:

18 ~~((+a))~~ **(1) Term restricting assignment generally ineffective.**

19 Except as otherwise provided in subsection ~~((+b))~~ (2) of this section,
20 a term in a promissory note or in an agreement between an account
21 debtor and a debtor which relates to a health-care-insurance receivable
22 or a general intangible, including a contract, permit, license, or
23 franchise, and which term prohibits, restricts, or requires the consent
24 of the person obligated on the promissory note or the account debtor
25 to, the assignment or transfer of, or creation, attachment, or
26 perfection of a security interest in, the promissory note, health-care-
27 insurance receivable, or general intangible, is ineffective to the
28 extent that the term:

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

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

36 ~~((+b))~~ **(2) Applicability of subsection ~~((+a))~~ (1) of this section
37 to sales of certain rights to payment.** Subsection ~~((+a))~~ (1) of this

1 section applies to a security interest in a payment intangible or
2 promissory note only if the security interest arises out of a sale of
3 the payment intangible or promissory note, other than a sale pursuant
4 to a disposition under RCW 62A.9A-610 or an acceptance of collateral
5 under RCW 62A.9A-620.

6 ~~((e))~~ **(3) Legal restrictions on assignment generally ineffective.**

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

15 ~~((1))~~ **(a)** Would impair the creation, attachment, or perfection of
16 a security interest; or

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

22 ~~((d))~~ **(4) Limitation on ineffectiveness under subsections ~~((a))~~**
23 **(1) and ~~((e))~~ (3) of this section.** To the extent that a term in a
24 promissory note or in an agreement between an account debtor and a
25 debtor which relates to a health-care-insurance receivable or general
26 intangible or a rule of law, statute, or regulation described in
27 subsection ~~((e))~~ **(3)** of this section would be effective under law
28 other than this Article but is ineffective under subsection ~~((a))~~ **(1)**
29 or ~~((e))~~ **(3)** of this section, the creation, attachment, or perfection
30 of a security interest in the promissory note, health-care-insurance
31 receivable, or general intangible:

32 ~~((1))~~ **(a)** Is not enforceable against the person obligated on the
33 promissory note or the account debtor;

34 ~~((2))~~ **(b)** Does not impose a duty or obligation on the person
35 obligated on the promissory note or the account debtor;

36 ~~((3))~~ **(c)** Does not require the person obligated on the promissory
37 note or the account debtor to recognize the security interest, pay or

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

3 ~~((4))~~ (d) Does not entitle the secured party to use or assign the
4 debtor's rights under the promissory note, health-care-insurance
5 receivable, or general intangible, including any related information or
6 materials furnished to the debtor in the transaction giving rise to the
7 promissory note, health-care-insurance receivable, or general
8 intangible;

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

13 ~~((6))~~ (f) Does not entitle the secured party to enforce the
14 security interest in the promissory note, health-care-insurance
15 receivable, or general intangible.

16 ~~((e)(1))~~ (5)(a) **Inapplicability of subsections ~~((a))~~ (1) and**
17 **~~((e))~~ (3) of this section to certain payment intangibles.** After July
18 1, 2003, subsections ~~((a))~~ (1) and ~~((e))~~ (3) of this section do not
19 apply to the assignment or transfer of or creation of a security
20 interest in:

21 ~~((A))~~ (i) A claim or right to receive compensation for injuries
22 or sickness as described in 26 U.S.C. Sec. 104(a)(1) or (2); or

23 ~~((B))~~ (ii) A claim or right to receive benefits under a special
24 needs trust as described in 42 U.S.C. Sec. 1396p(d)(4).

25 ~~((2))~~ (b) This subsection will not affect a transfer of
26 structured settlement payment rights under chapter 19.205 RCW.

27 **PART 4**

28 **FILING**

29 **SUBPART 1. FILING OFFICE; CONTENTS AND**
30 **EFFECTIVENESS OF FINANCING STATEMENT**

31 **Sec. 401.** RCW 62A.9A-503 and 2000 c 250 s 9A-503 are each amended
32 to read as follows:

33 ~~((a))~~ (1) **Sufficiency of debtor's name.** A financing statement
34 sufficiently provides the name of the debtor:

35 ~~((1))~~ (a) Except as otherwise provided in (c) of this subsection
36 (1), if the debtor is a registered organization or the collateral is

1 held in a trust that is a registered organization, only if the
2 financing statement provides the name ((of the debtor indicated)) that
3 is stated to be the registered organization's name on the public
4 organic record ((of)) most recently filed with or issued or enacted by
5 the ((debtor's)) registered organization's jurisdiction of organization
6 which ((shows the debtor to have been organized;

7 (2) If the debtor is a decedent's estate)) purports to state,
8 amend, or restate the registered organization's name;

9 (b) Subject to subsection (6) of this section, if the collateral is
10 being administered by the personal representative of a decedent, only
11 if the financing statement provides, as the name of the debtor, the
12 name of the decedent and, in a separate part of the financing
13 statement, indicates that the ((debtor is an estate;

14 (3) If the debtor is a trust or a trustee acting with respect to
15 property held in trust, only if the financing statement:

16 (A) Provides the name specified for the trust in its organic
17 documents or, if no name is specified, provides the name of the settlor
18 and additional information sufficient to distinguish the debtor from
19 other trusts having one or more of the same settlors; and

20 (B) Indicates, in the debtor's name or otherwise, that the debtor
21 is a trust or is a trustee acting with respect to property held in
22 trust; and

23 (4)) collateral is being administered by a personal
24 representative;

25 (c) If the collateral is held in a trust that is not a registered
26 organization, only if the financing statement:

27 (i) Provides, as the name of the debtor:

28 (A) If the organic record of the trust specifies a name for the
29 trust, the name specified; or

30 (B) If the organic record of the trust does not specify a name for
31 the trust, the name of the settlor or testator; and

32 (ii) In a separate part of the financing statement:

33 (A) If the name is provided in accordance with (c)(i)(A) of this
34 subsection, indicates that the collateral is held in a trust; or

35 (B) If the name is provided in accordance with (c)(i)(B) of this
36 subsection, provides additional information sufficient to distinguish
37 the trust from other trusts having one or more of the same settlors or

1 the same testator and indicates that the collateral is held in a trust,
2 unless the additional information so indicates;

3 (d) If the debtor is an individual, only if the financing
4 statement:

5 (i) Provides the individual name of the debtor;

6 (ii) Provides the surname and first personal name of the debtor; or

7 (iii) Subject to subsection (7) of this section, provides the name
8 of the individual which is indicated on a driver's license or
9 identification card that this state has issued to the individual and
10 which has not expired; and

11 (e) In other cases:

12 ~~((A))~~ (i) If the debtor has a name, only if ~~((it))~~ the financing
13 statement provides the ~~((individual or))~~ organizational name of the
14 debtor; and

15 ~~((B))~~ (ii) If the debtor does not have a name, only if ~~((it))~~ the
16 financing statement provides the names of the partners, members,
17 associates, or other persons comprising the debtor, in a manner that
18 each name provided would be sufficient if the person named were the
19 debtor.

20 ~~((b))~~ **(2) Additional debtor-related information.** A financing
21 statement that provides the name of the debtor in accordance with
22 subsection ~~((a))~~ (1) of this section is not rendered ineffective by
23 the absence of:

24 ~~((1))~~ (a) A trade name or other name of the debtor; or

25 ~~((2))~~ (b) Unless required under subsection ~~((a)(4)(B))~~
26 (1)(e)(ii) of this section, names of partners, members, associates, or
27 other persons comprising the debtor.

28 ~~((e))~~ **(3) Debtor's trade name insufficient.** A financing
29 statement that provides only the debtor's trade name does not
30 sufficiently provide the name of the debtor.

31 ~~((d))~~ **(4) Representative capacity.** Failure to indicate the
32 representative capacity of a secured party or representative of a
33 secured party does not affect the sufficiency of a financing statement.

34 ~~((e))~~ **(5) Multiple debtors and secured parties.** A financing
35 statement may provide the name of more than one debtor and the name of
36 more than one secured party.

37 (6) Name of decedent. The name of the decedent indicated on the

1 order appointing the personal representative of the decedent issued by
2 the court having jurisdiction over the collateral is sufficient as the
3 "name of the decedent" under subsection (1)(b) of this section.

4 (7) **Multiple driver's licenses.** If this state has issued to an
5 individual more than one driver's license or identification card of a
6 kind described in subsection (1)(d) of this section, the one that was
7 issued most recently is the one to which subsection (1)(d) of this
8 section refers.

9 (8) **Definition.** In this section, the "name of the settlor or
10 testator" means:

11 (a) If the settlor is a registered organization, the name that is
12 stated to be the settlor's name on the public organic record most
13 recently filed with or issued or enacted by the settlor's jurisdiction
14 of organization which purports to state, amend, or restate the
15 settlor's name; or

16 (b) In other cases, the name of the settlor or testator indicated
17 in the trust's organic record.

18 **Sec. 402.** RCW 62A.9A-507 and 2000 c 250 s 9A-507 are each amended
19 to read as follows:

20 ~~((a))~~ (1) **Disposition.** A filed financing statement remains
21 effective with respect to collateral that is sold, exchanged, leased,
22 licensed, or otherwise disposed of and in which a security interest or
23 agricultural lien continues, even if the secured party knows of or
24 consents to the disposition.

25 ~~((b))~~ (2) **Information becoming seriously misleading.** Except as
26 otherwise provided in subsection ~~((e))~~ (3) of this section and RCW
27 62A.9A-508, a financing statement is not rendered ineffective if, after
28 the financing statement is filed, the information provided in the
29 financing statement becomes seriously misleading under RCW 62A.9A-506.

30 ~~((e))~~ (3) **Change in debtor's name.** If ~~((a debtor so changes~~
31 its)) the name that a filed financing statement provides for a debtor
32 becomes insufficient as the name of the debtor under RCW 62A.9A-503(1)
33 so that the financing statement becomes seriously misleading under RCW
34 62A.9A-506:

35 ~~((1))~~ (a) The financing statement is effective to perfect a
36 security interest in collateral acquired by the debtor before, or

1 within four months after, the (~~change~~) filed financing statement
2 becomes seriously misleading; and

3 (~~(2)~~) (b) The financing statement is not effective to perfect a
4 security interest in collateral acquired by the debtor more than four
5 months after the (~~change~~) filed financing statement becomes seriously
6 misleading, unless an amendment to the financing statement which
7 renders the financing statement not seriously misleading is filed
8 within four months after the (~~change~~) filed financing statement
9 becomes seriously misleading.

10 **Sec. 403.** RCW 62A.9A-515 and 2000 c 250 s 9A-515 are each amended
11 to read as follows:

12 (~~(a)~~) (1) Five-year effectiveness. Except as otherwise provided
13 in subsections (~~(b), (e), (f), and (g)~~) (2), (5), (6), and (7) of
14 this section, a filed financing statement is effective for a period of
15 five years after the date of filing.

16 (~~(b)~~) (2) [Reserved]

17 (~~(e)~~) (3) Lapse and continuation of financing statement. The
18 effectiveness of a filed financing statement lapses on the expiration
19 of the period of its effectiveness unless before the lapse a
20 continuation statement is filed pursuant to subsection (~~(d)~~) (4) of
21 this section. Upon lapse, a financing statement ceases to be effective
22 and any security interest or agricultural lien that was perfected by
23 the financing statement becomes unperfected, unless the security
24 interest is perfected otherwise. If the security interest or
25 agricultural lien becomes unperfected upon lapse, it is deemed never to
26 have been perfected as against a purchaser of the collateral for value.

27 (~~(d)~~) (4) When continuation statement may be filed. A
28 continuation statement may be filed only within six months before the
29 expiration of the five-year period specified in subsection (~~(a)~~) (1)
30 of this section or the thirty-year period specified in subsection
31 (~~(b)~~) (2) of this section, whichever is applicable.

32 (~~(e)~~) (5) Effect of filing continuation statement. Except as
33 otherwise provided in RCW 62A.9A-510, upon timely filing of a
34 continuation statement, the effectiveness of the initial financing
35 statement continues for a period of five years commencing on the day on
36 which the financing statement would have become ineffective in the
37 absence of the filing. Upon the expiration of the five-year period,

1 the financing statement lapses in the same manner as provided in
2 subsection ~~((e))~~ (3) of this section, unless, before the lapse,
3 another continuation statement is filed pursuant to subsection ~~((d))~~
4 (4) of this section. Succeeding continuation statements may be filed
5 in the same manner to continue the effectiveness of the initial
6 financing statement.

7 ~~((f))~~ (6) **Transmitting utility financing statement.** If a debtor
8 is a transmitting utility and a filed initial financing statement so
9 indicates, the financing statement is effective until a termination
10 statement is filed.

11 ~~((g))~~ (7) **Record of mortgage as financing statement.** A record of
12 a mortgage that is effective as a financing statement filed as a
13 fixture 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 **Sec. 404.** RCW 62A.9A-516 and 2001 c 32 s 38 are each amended to
18 read as follows:

19 ~~((a))~~ (1) **What constitutes filing.** Except as otherwise provided
20 in subsection ~~((b))~~ (2) of this section, communication of a record to
21 a filing office and tender of the filing fee or acceptance of the
22 record by the filing office constitutes filing.

23 ~~((b))~~ (2) **Refusal to accept record; filing does not occur.**
24 Filing does not occur with respect to a record that a filing office
25 refuses to accept because:

26 ~~((1))~~ (a) The record is not communicated by a method or medium of
27 communication authorized by the filing office;

28 ~~((2))~~ (b) An amount equal to or greater than the applicable
29 filing fee is not tendered or, in the case of a filing office described
30 in RCW 62A.9A-501(a)(1), an amount equal to the applicable filing fee
31 is not tendered;

32 ~~((3))~~ (c) The filing office is unable to index the record
33 because:

34 ~~((A))~~ (i) In the case of an initial financing statement, the
35 record does not provide a name for the debtor;

36 ~~((B))~~ (ii) In the case of an amendment or correction statement,
37 the record:

1 ~~((+i))~~ (A) Does not identify the initial financing statement as
2 required by RCW 62A.9A-512 or 62A.9A-518, as applicable; or
3 ~~((+ii))~~ (B) Identifies an initial financing statement whose
4 effectiveness has lapsed under RCW 62A.9A-515;
5 ~~((+C))~~ (iii) In the case of an initial financing statement that
6 provides the name of a debtor identified as an individual or an
7 amendment that provides a name of a debtor identified as an individual
8 which was not previously provided in the financing statement to which
9 the record relates, the record does not identify the debtor's ~~((last~~
10 ~~name))~~ surname; or
11 ~~((+D))~~ (iv) In the case of a record filed or recorded in the
12 filing office described in RCW 62A.9A-501(a)(1), the record does not
13 provide a name for the debtor or a sufficient description of the real
14 property to which the record relates;
15 ~~((+4))~~ (d) In the case of an initial financing statement or an
16 amendment that adds a secured party of record, the record does not
17 provide a name and mailing address for the secured party of record;
18 ~~((+5))~~ (e) In the case of an initial financing statement or an
19 amendment that provides a name of a debtor which was not previously
20 provided in the financing statement to which the amendment relates, the
21 record does not:
22 ~~((+A))~~ (i) Provide a mailing address for the debtor; or
23 ~~((+B))~~ (ii) Indicate whether the name provided as the name of the
24 debtor is the name of an individual or an organization; ~~((or~~
25 ~~(C) If the financing statement indicates that the debtor is an~~
26 ~~organization, provide:~~
27 ~~(i) A type of organization for the debtor;~~
28 ~~(ii) A jurisdiction of organization for the debtor; or~~
29 ~~(iii) An organizational identification number for the debtor or~~
30 ~~indicate that the debtor has none;~~
31 ~~(+6))~~ (f) In the case of an assignment reflected in an initial
32 financing statement under RCW 62A.9A-514(a) or an amendment filed under
33 RCW 62A.9A-514(b), the record does not provide a name and mailing
34 address for the assignee; or
35 ~~((+7))~~ (g) In the case of a continuation statement, the record is
36 not filed within the six-month period prescribed by RCW
37 62A.9A-515~~((+d))~~ (4).

1 ((+e)) (3) Rules applicable to subsection ((+b)) (2) of this
2 **section.** For purposes of subsection ((+b)) (2) of this section:

3 ((+1)) (a) A record does not provide information if the filing
4 office is unable to read or decipher the information; and

5 ((+2)) (b) A record that does not indicate that it is an amendment
6 or identify an initial financing statement to which it relates, as
7 required by RCW 62A.9A-512, 62A.9A-514, or 62A.9A-518, is an initial
8 financing statement.

9 ((+d)) (4) Refusal to accept record; record effective as filed
10 **record.** A record that is communicated to the filing office with tender
11 of the filing fee, but which the filing office refuses to accept for a
12 reason other than one set forth in subsection ((+b)) (2) of this
13 section, is effective as a filed record except as against a purchaser
14 of the collateral which gives value in reasonable reliance upon the
15 absence of the record from the files.

16 **Sec. 405.** RCW 62A.9A-518 and 2000 c 250 s 9A-518 are each amended
17 to read as follows:

18 ((+a) ~~Correction statement.~~) (1) Statement with respect to record
19 indexed under person's name. A person may file in the filing office
20 ((+a-correction)) an information statement with respect to a record
21 indexed there under the person's name if the person believes that the
22 record is inaccurate or was wrongfully filed.

23 ((+b) ~~Sufficiency of correction statement.~~ A correction)) (2)
24 Contents of statement under subsection (1) of this section. An
25 information statement under subsection (1) of this section must:

26 ((+1)) (a) Identify the record to which it relates by the file
27 number assigned to the initial financing statement to which the record
28 relates;

29 ((+2)) (b) Indicate that it is ((+a-correction)) an information
30 statement; and

31 ((+3)) (c) Provide the basis for the person's belief that the
32 record is inaccurate and indicate the manner in which the person
33 believes the record should be amended to cure any inaccuracy or provide
34 the basis for the person's belief that the record was wrongfully filed.

35 (3) Statement by secured party of record. A person may file in the
36 filing office an information statement with respect to a record filed
37 there if the person is a secured party of record with respect to the

1 financing statement to which the record relates and believes that the
2 person that filed the record was not entitled to do so under RCW
3 62A.9A-509(d).

4 (4) Contents of statement under subsection (5) of this section. An
5 information statement under subsection (3) of this section must:

6 (a) Identify the record to which it relates by the file number
7 assigned to the initial financing statement to which the record
8 relates;

9 (b) Indicate that it is an information statement; and

10 (c) Provide the basis for the person's belief that the person that
11 filed the record was not entitled to do so under RCW 62A.9A-509(d).

12 ~~((e))~~ (5) Record not affected by ((correction)) information
13 statement. The filing of ~~((a-correction))~~ an information statement
14 does not affect the effectiveness of an initial financing statement or
15 other filed record.

16 SUBPART 2. DUTIES AND OPERATION OF FILING OFFICE

17 **Sec. 406.** RCW 62A.9A-521 and 2000 c 250 s 9A-521 are each amended
18 to read as follows:

19 ~~((a))~~ (1) Initial financing statement form. A filing office that
20 accepts written records may not refuse to accept a written initial
21 financing statement in the following form and format except for a
22 reason set forth in RCW 62A.9A-516~~((b))~~ (2):

- 23 ~~((UCC FINANCING STATEMENT~~
24 ~~FOLLOW INSTRUCTIONS (front and back) CAREFULLY~~
- 25 A. NAME & PHONE OF CONTACT AT FILER {optional}
26
27 B. SEND ACKNOWLEDGMENT TO: (Name and Address)
28

29 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

- 30 †. DEBTOR'S EXACT FULL LEGAL NAME -- insert only one debtor name (1a or 1b) -- do not abbreviate or combine names
31 1a. ORGANIZATION'S NAME
32 OR
33 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
34 1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

1 1d. TAX ID #: ADD'L INFO RE 1e. TYPE OF 1f. JURISDICTION OF 1g. ORGANIZATIONAL
2 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any
3 DEBTOR NONE

4 2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

5 2a. ORGANIZATION'S NAME

6 OR

7 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

8 2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

9 2d. TAX ID #: ADD'L INFO RE 2e. TYPE OF 2f. JURISDICTION OF 2g. ORGANIZATIONAL

10 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any

11 DEBTOR NONE

12 3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

13 3a. ORGANIZATION'S NAME

14 OR

15 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

16 3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

17 4. This FINANCING STATEMENT covers the following collateral:

18 5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR

19 BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

20 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. - Attach Addendum [if applicable]

21 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) All Debtors Debtor 1 Debtor 2

22 [Additional Fee] [optional]

23 8. OPTIONAL FILER REFERENCE DATA

24 NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

25 UCC FINANCING STATEMENT ADDENDUM

26 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

27 9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

28 9a. ORGANIZATION'S NAME

29 OR

30 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

31 10. MISCELLANEOUS:

32 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

33 11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

34 11a. ORGANIZATION'S NAME

35 OR

36 11b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

37 11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

38 11d. TAX ID #: ADD'L INFO RE 11e. TYPE OF 11f. JURISDICTION OF 11g. ORGANIZATIONAL

39 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any

40 DEBTOR NONE

41 12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

42 12a. ORGANIZATION'S NAME

1 OR

2 12b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3 12e. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

4 13. This FINANCING STATEMENT covers timber to be cut or
 5 as extracted collateral, or is filed as a fixture filing.

6 14. Description of real estate:

7 15. Name and address of a RECORD OWNER of above-described real estate
 8 (if Debtor does not have a record interest):

17. Check only if applicable and check only one box:
 Debtor is a Trust or Trustee acting with respect
 to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box:
 Debtor is a TRANSMITTING UTILITY
 Filed in connection with a Manufactured-Home
 Transaction - effective 30 years
 Filed in connection with a Public Finance
 Transaction - effective 30 years

NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 07/29/98))

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

- A. NAME & PHONE OF CONTACT AT FILER (optional)
- B. E-MAIL CONTACT AT FILER (optional)
- C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME - provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

1a. ORGANIZATION'S NAME

OR

1b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX
PERSONAL NAME(S)/INITIAL(S)
NAME THAT ARE PART OF
THE NAME OF THIS
DEBTOR

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2. DEBTOR'S NAME - provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

2a. ORGANIZATION'S NAME

OR

5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes:

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7:

CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name changed) in item 7a or 7b and/or new address (if address change) in item 7c. DELETE name: Give record name to be deleted in item 6a or 6b. ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

7d. TAX ID #: ADD'L INFO RE 7e. TYPE OF 7f. JURISDICTION OF 7g. ORGANIZATIONAL
SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, if any
DEBTOR NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box:

Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an 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 and enter name of DEBTOR authorizing this Amendment:

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA

NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 07/29/98)

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

11. INITIAL FINANCING STATEMENT FILE #
(same as item 1a on Amendment form)

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT
(same as item 9 on Amendment form)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

13. Use this space for additional information

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

NATIONAL UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC3Ad) (REV. 07/29/98))

1 **UCC FINANCING STATEMENT AMENDMENT**

2 **FOLLOW INSTRUCTIONS**

- 3 A. NAME & PHONE OF CONTACT AT FILER (optional)
- 4 B. E-MAIL CONTACT AT FILER (optional)
- 5 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

6 **THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

7 1a. INITIAL FINANCING STATEMENT FILE NUMBER

8 1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Filer: **attach** Amendment Addendum
 9 (Form UCC3 Ad) and provide Debtor's name in item 13.

10 2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this
 11 Termination Statement.

12 3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9. For partial
 13 assignment, complete items 7 and 9 and also indicate affected collateral in item 8.

14 4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation
 15 Statement is continued for the additional period provided by applicable law.

16 5. PARTY INFORMATION CHANGE:
 17 Check one of these two boxes:
 18 This Change affects Debtor or Secured Party of record

19 **AND**

20 Check one of these three boxes to:

21 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c.

22 ADD name: Complete item 7a or 7b, and item 7c.

23 DELETE name: Give record name to be deleted in item 6a or 6b.

24 6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b) (use exact, full name; do not omit, modify, or
 25 abbreviate any word in the Debtor's name)

26 6a. ORGANIZATION'S NAME

27 **OR**

28 6b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
 29 NAME NAME(S)/INITIAL(S)

30 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact full name; do not
 31 omit, modify, or abbreviate any word in the Debtor's name)

32 7a. ORGANIZATION'S NAME

33 **OR**

34 7b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
 35 NAME NAME(S)/INITIAL(S)
 36 THAT ARE PART OF
 37 THE NAME OF THIS
 38 DEBTOR

40 7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

41 8. COLLATERAL CHANGE:
 42 Also check one of these four boxes:

- 43 ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral

1 Indicate collateral:

2 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT - provide only one name (9a or 9b) (name of assignor, if this is an
3 Assignment).

4 If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

5 9a. ORGANIZATION'S NAME

6 OR

7 9b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
8 NAME NAME(S)/INITIAL(S)

9 10. OPTIONAL FILER REFERENCE DATA

10 [UCC FINANCING STATEMENT AMENDMENT (FORM UCC3)] (REV. 09/30/10)

11 UCC FINANCING STATEMENT AMENDMENT ADDENDUM

12 FOLLOW INSTRUCTIONS

13 11. INITIAL FINANCING STATEMENT FILE NUMBER (same as item 1a on Amendment form)

14 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on Amendment form)

15 12a. ORGANIZATION'S NAME

16 OR

17 12b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
18 NAME NAME(S)/INITIAL(S)

20 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

21 13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see Instruction for
22 item 13 - insert only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

23 13a. ORGANIZATION'S NAME

24 OR

25 13b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
26 NAME NAME(S)/INITIAL(S)

28 14. ADDITIONAL SPACE FOR ITEM 8 (Collateral)

29 15. This FINANCING STATEMENT AMENDMENT:

30 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

31 16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest)

32 17. Description of real estate

33 18. MISCELLANEOUS:

35 UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC1) (REV. 09/30/10)

37 **PART 5**

38 **TRANSITION PROVISIONS FOR 2011 AMENDMENTS**

39 NEW SECTION. Sec. 501. (1) Preeffective date transactions or
40 liens. Except as otherwise provided in this section or sections 502
41 through 508 of this act, this act applies to a transaction or lien

1 within its scope, even if the transaction or lien was entered into or
2 created before the effective date of this section.

3 (2) **Preeffective date proceedings.** This act does not affect an
4 action, case, or proceeding commenced before the effective date of this
5 section.

6 NEW SECTION. **Sec. 502.** A new section is added to chapter 62A.9A
7 RCW to be codified as RCW 62A.9A-803 to read as follows:

8 **SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE.** (1) **Continuing**
9 **perfection: Perfection requirements satisfied.** A security interest
10 that is a perfected security interest immediately before the effective
11 date of this section is a perfected security interest under chapter
12 62A.9A RCW if, on the effective date of this section, the applicable
13 requirements for attachment and perfection under chapter 62A.9A RCW as
14 of the effective date of this section are satisfied without further
15 action.

16 (2) **Continuing perfection: Perfection requirements not satisfied.**
17 Except as otherwise provided in section 504 of this act, if,
18 immediately before the effective date of this section, a security
19 interest is a perfected security interest, but the applicable
20 requirements for perfection under chapter 62A.9A RCW as of the
21 effective date of this section are not satisfied when this section
22 takes effect, the security interest remains perfected thereafter only
23 if the applicable requirements for perfection under chapter 62A.9A RCW
24 as of the effective date of this section are satisfied within one year
25 after the effective date of this section.

26 NEW SECTION. **Sec. 503.** A new section is added to chapter 62A.9A
27 RCW to be codified as RCW 62A.9A-804 to read as follows:

28 **SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE.** A security
29 interest that is an unperfected security interest immediately before
30 the effective date of this section becomes a perfected security
31 interest:

32 (1) Without further action, on the effective date of this section
33 if the applicable requirements for perfection under chapter 62A.9A RCW
34 are satisfied before or at that time; or

35 (2) When the applicable requirements for perfection are satisfied
36 if the requirements are satisfied after that time.

1 NEW SECTION. **Sec. 504.** A new section is added to chapter 62A.9A
2 RCW to be codified as RCW 62A.9A-805 to read as follows:

3 **EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE.** (1)

4 **Preeffective date filing effective.** The filing of a financing
5 statement before the effective date of this section is effective to
6 perfect a security interest to the extent the filing would satisfy the
7 applicable requirements for perfection under chapter 62A.9A RCW as of
8 the effective date of this section.

9 (2) **When preeffective date filing becomes ineffective.** This act
10 does not render ineffective an effective financing statement that,
11 before the effective date of this section, is filed and satisfies the
12 applicable requirements for perfection under the law of the
13 jurisdiction governing perfection as provided in chapter 62A.9A RCW as
14 it existed before the effective date of this section. However, except
15 as otherwise provided in subsections (3) and (4) of this section and
16 section 505 of this act, the financing statement ceases to be
17 effective:

18 (a) If the financing statement is filed in this state, at the time
19 the financing statement would have ceased to be effective had this
20 section not taken effect; or

21 (b) If the financing statement is filed in another jurisdiction, at
22 the earlier of:

23 (i) The time the financing statement would have ceased to be
24 effective under the law of that jurisdiction; or

25 (ii) June 30, 2018.

26 (3) **Continuation statement.** The filing of a continuation statement
27 after the effective date of this section does not continue the
28 effectiveness of a financing statement filed before the effective date
29 of this section. However, upon the timely filing of a continuation
30 statement after the effective date of this section and in accordance
31 with the law of the jurisdiction governing perfection as provided in
32 chapter 62A.9A RCW as of the effective date of this section, the
33 effectiveness of a financing statement filed in the same office in that
34 jurisdiction before the effective date of this section continues for
35 the period provided by the law of that jurisdiction.

36 (4) **Application of subsection (2)(b)(ii) to transmitting utility**
37 **financing statement.** Subsection (2)(b)(ii) of this section applies to
38 a financing statement that, before the effective date of this section,

1 is filed against a transmitting utility and satisfies the applicable
2 requirements for perfection under the law of the jurisdiction governing
3 perfection as provided in chapter 62A.9A RCW as it existed before the
4 effective date of this section, only to the extent that chapter 62A.9A
5 RCW as of the effective date of this section provides that the law of
6 a jurisdiction other than the jurisdiction in which the financing
7 statement is filed governs perfection of a security interest in
8 collateral covered by the financing statement.

9 (5) **Application of Part 4.** A financing statement that includes a
10 financing statement filed before the effective date of this section and
11 a continuation statement filed after the effective date of this section
12 is effective only to the extent that it satisfies the requirements of
13 RCW 62A.9A-502, 62A.9A-503, 62A.9A-507, 62A.9A-515, 62A.9A-516, 62A.9A-
14 518, 62A.9A-521 as of the effective date of this section, for an
15 initial financing statement. A financing statement that indicates that
16 the debtor is a decedent's estate indicates that the collateral is
17 being administered by a personal representative within the meaning of
18 RCW 62A.9A-503(1)(b) as of the effective date of this section. A
19 financing statement that indicates that the debtor is a trust or is a
20 trustee acting with respect to property held in trust indicates that
21 the collateral is held in a trust within the meaning of RCW 62A.9A-
22 503(1)(c) as of the effective date of this section.

23 NEW SECTION. **Sec. 505.** A new section is added to chapter 62A.9A
24 RCW to be codified as RCW 62A.9A-806 to read as follows:

25 **WHEN INITIAL FINANCING STATEMENT SUFFICES TO CONTINUE EFFECTIVENESS**
26 **OF FINANCING STATEMENT.** (1) **Initial financing statement in lieu of**
27 **continuation statement.** The filing of an initial financing statement
28 in the office specified in RCW 62A.9A-501 continues the effectiveness
29 of a financing statement filed before the effective date of this
30 section if:

31 (a) The filing of an initial financing statement in that office
32 would be effective to perfect a security interest under chapter 62A.9A
33 RCW as of the effective date of this section;

34 (b) The preeffective date financing statement was filed in an
35 office in another state; and

36 (c) The initial financing statement satisfies subsection (3) of
37 this section.

1 (2) **Period of continued effectiveness.** The filing of an initial
2 financing statement under subsection (1) of this section continues the
3 effectiveness of the preeffective date financing statement:

4 (a) If the initial financing statement is filed before the
5 effective date of this section, for the period provided in RCW 62A.9A-
6 515, as it existed before the effective date of this section with
7 respect to an initial financing statement; and

8 (b) If the initial financing statement is filed after the effective
9 date of this section, for the period provided in RCW 62A.9A-515 as of
10 the effective date of this section with respect to an initial financing
11 statement.

12 (3) **Requirements for initial financing statement under subsection**
13 **(1) of this section.** To be effective for purposes of subsection (1) of
14 this section, an initial financing statement must:

15 (a) Beginning the effective date of this section, satisfy the
16 requirements of RCW 62A.9A-502, 62A.9A-503, 62A.9A-507, 62A.9A-515,
17 62A.9A-516, 62A.9A-518, 62A.9A-521 for an initial financing statement;

18 (b) Identify the preeffective date financing statement by
19 indicating the office in which the financing statement was filed and
20 providing the dates of filing and file numbers, if any, of the
21 financing statement and of the most recent continuation statement filed
22 with respect to the financing statement; and

23 (c) Indicate that the preeffective date financing statement remains
24 effective.

25 NEW SECTION. **Sec. 506.** A new section is added to chapter 62A.9A
26 RCW to be codified as RCW 62A.9A-807 to read as follows:

27 **AMENDMENT OF PREEFFECTIVE DATE FINANCING STATEMENT. (1)**

28 **"Preeffective date financing statement."** For the purposes of this
29 section, "preeffective date financing statement" means a financing
30 statement filed before the effective date of this section.

31 (2) **Applicable law.** After the effective date of this section, a
32 person may add or delete collateral covered by, continue or terminate
33 the effectiveness of, or otherwise amend the information provided in,
34 a preeffective date financing statement only in accordance with the law
35 of the jurisdiction governing perfection as provided in chapter 62A.9A
36 RCW as of the effective date of this section. However, the

1 effectiveness of a preeffective date financing statement also may be
2 terminated in accordance with the law of the jurisdiction in which the
3 financing statement is filed.

4 (3) **Method of amending: General rule.** Except as otherwise
5 provided in subsection (4) of this section, if the law of this state
6 governs perfection of a security interest, the information in a
7 preeffective date financing statement may be amended after the
8 effective date of this section only if:

9 (a) The preeffective date financing statement and an amendment are
10 filed in the office specified in RCW 62A.9A-501;

11 (b) An amendment is filed in the office specified in RCW 62A.9A-501
12 concurrently with, or after the filing in that office of, an initial
13 financing statement that satisfies section 505(3) of this act; or

14 (c) An initial financing statement that provides the information as
15 amended and satisfies section 505(3) of this act is filed in the office
16 specified in RCW 62A.9A-501.

17 (4) **Method of amending: Continuation.** If the law of this state
18 governs perfection of a security interest, the effectiveness of a
19 preeffective date financing statement may be continued only under
20 section 504 (3) or (5) or 505 of this act.

21 (5) **Method of amending: Additional termination rule.** Whether or
22 not the law of this state governs perfection of a security interest,
23 the effectiveness of a preeffective date financing statement filed in
24 this state may be terminated after the effective date of this section
25 by filing a termination statement in the office in which the
26 preeffective date financing statement is filed, unless an initial
27 financing statement that satisfies section 505(3) of this act has been
28 filed in the office specified by the law of the jurisdiction governing
29 perfection as provided in chapter 62A.9A RCW as of the effective date
30 of this section as the office in which to file a financing statement.

31 NEW SECTION. **Sec. 507.** A new section is added to chapter 62A.9A
32 RCW to be codified as RCW 62A.9A-808 to read as follows:

33 **PERSON ENTITLED TO FILE INITIAL FINANCING STATEMENT OR CONTINUATION**
34 **STATEMENT.** A person may file an initial financing statement or a
35 continuation statement under this part if:

36 (1) The secured party of record authorizes the filing; and

37 (2) The filing is necessary under this part:

1 (a) To continue the effectiveness of a financing statement filed
2 before the effective date of this section; or

3 (b) To perfect or continue the perfection of a security interest.

4 NEW SECTION. **Sec. 508.** A new section is added to chapter 62A.9A
5 RCW to be codified as RCW 62A.9A-809 to read as follows:

6 **PRIORITY.** This act determines the priority of conflicting claims
7 to collateral. However, if the relative priorities of the claims were
8 established before the effective date of this section, chapter 62A.9A
9 RCW as it existed before the effective date of this section determines
10 priority.

11 **PART 6**

12 **CONFORMING AMENDMENTS**

13 **Sec. 601.** RCW 62A.2A-103 and 2000 c 250 s 9A-808 are each amended
14 to read as follows:

15 (1) In this Article unless the context otherwise requires:

16 (a) "Buyer in ordinary course of business" means a person who in
17 good faith and without knowledge that the sale to him or her is in
18 violation of the ownership rights or security interest or leasehold
19 interest of a third party in the goods buys in ordinary course from a
20 person in the business of selling goods of that kind but does not
21 include a pawnbroker. "Buying" may be for cash, or by exchange of
22 other property, or on secured or unsecured credit, and includes
23 receiving goods or documents of title under a preexisting contract for
24 sale but does not include a transfer in bulk or as security for or in
25 total or partial satisfaction of a money debt.

26 (b) "Cancellation" occurs when either party puts an end to the
27 lease contract for default by the other party.

28 (c) "Commercial unit" means such a unit of goods as by commercial
29 usage is a single whole for purposes of lease and division of which
30 materially impairs its character or value on the market or in use. A
31 commercial unit may be a single article, as a machine, or a set of
32 articles, as a suite of furniture or a line of machinery, or a
33 quantity, as a gross or carload, or any other unit treated in use or in
34 the relevant market as a single whole.

1 (d) "Conforming" goods or performance under a lease contract means
2 goods or performance that are in accordance with the obligations under
3 the lease contract.

4 (e) "Consumer lease" means a lease that a lessor regularly engaged
5 in the business of leasing or selling makes to a lessee who is an
6 individual who takes under the lease primarily for a personal, family,
7 or household purpose, if the total payments to be made under the lease
8 contract, excluding payments for options to renew or buy, do not exceed
9 twenty-five thousand dollars.

10 (f) "Fault" means wrongful act, omission, breach, or default.

11 (g) "Finance lease" means a lease with respect to which:

12 (i) The lessor does not select, manufacture, or supply the goods;

13 (ii) The lessor acquires the goods or the right to possession and
14 use of the goods in connection with the lease; and

15 (iii) Only in the case of a consumer lease, either:

16 (A) The lessee receives a copy of the contract by which the lessor
17 acquired the goods or the right to possession and use of the goods
18 before signing the lease contract;

19 (B) The lessee's approval of the contract by which the lessor
20 acquired the goods or the right to possession and use of the goods is
21 a condition to effectiveness of the lease contract; or

22 (C) The lessee, before signing the lease contract, receives an
23 accurate and complete statement designating the promises and
24 warranties, and any disclaimers of warranties, limitations or
25 modifications of remedies, or liquidated damages, including those of a
26 third party, such as the manufacturer of the goods, provided to the
27 lessor by the person supplying the goods in connection with or as part
28 of the contract by which the lessor acquired the goods or the right to
29 possession and use of the goods.

30 (h) "Goods" means all things that are movable at the time of
31 identification to the lease contract, or are fixtures (RCW 62A.2A-309),
32 but the term does not include money, documents, instruments, accounts,
33 chattel paper, general intangibles, or minerals or the like, including
34 oil and gas, before extraction. The term also includes the unborn
35 young of animals.

36 (i) "Installment lease contract" means a lease contract that
37 authorizes or requires the delivery of goods in separate lots to be

1 separately accepted, even though the lease contract contains a clause
2 "each delivery is a separate lease" or its equivalent.

3 (j) "Lease" means a transfer of the right to possession and use of
4 goods for a term in return for consideration, but a sale, including a
5 sale on approval or a sale or return, or retention or creation of a
6 security interest is not a lease. Unless the context clearly indicates
7 otherwise, the term includes a sublease.

8 (k) "Lease agreement" means the bargain, with respect to the lease,
9 of the lessor and the lessee in fact as found in their language or by
10 implication from other circumstances including course of dealing or
11 usage of trade or course of performance as provided in this Article.
12 Unless the context clearly indicates otherwise, the term includes a
13 sublease agreement.

14 (l) "Lease contract" means the total legal obligation that results
15 from the lease agreement as affected by this Article and any other
16 applicable rules of law. Unless the context clearly indicates
17 otherwise, the term includes a sublease contract.

18 (m) "Leasehold interest" means the interest of the lessor or the
19 lessee under a lease contract.

20 (n) "Lessee" means a person who acquires the right to possession
21 and use of goods under a lease. Unless the context clearly indicates
22 otherwise, the term includes a sublessee.

23 (o) "Lessee in ordinary course of business" means a person who in
24 good faith and without knowledge that the lease to him or her is in
25 violation of the ownership rights or security interest or leasehold
26 interest of a third party in the goods, leases in ordinary course from
27 a person in the business of selling or leasing goods of that kind, but
28 does not include a pawnbroker. "Leasing" may be for cash, or by
29 exchange of other property, or on secured or unsecured credit and
30 includes receiving goods or documents of title under a preexisting
31 lease contract but does not include a transfer in bulk or as security
32 for or in total or partial satisfaction of a money debt.

33 (p) "Lessor" means a person who transfers the right to possession
34 and use of goods under a lease. Unless the context clearly indicates
35 otherwise, the term includes a sublessor.

36 (q) "Lessor's residual interest" means the lessor's interest in the
37 goods after expiration, termination, or cancellation of the lease
38 contract.

1 (r) "Lien" means a charge against or interest in goods to secure
2 payment of a debt or performance of an obligation, but the term does
3 not include a security interest.

4 (s) "Lot" means a parcel or a single article that is the subject
5 matter of a separate lease or delivery, whether or not it is sufficient
6 to perform the lease contract.

7 (t) "Merchant lessee" means a lessee that is a merchant with
8 respect to goods of the kind subject to the lease.

9 (u) "Present value" means the amount as of a date certain of one or
10 more sums payable in the future, discounted to the date certain. The
11 discount is determined by the interest rate specified by the parties if
12 the rate was not manifestly unreasonable at the time the transaction
13 was entered into; otherwise, the discount is determined by a
14 commercially reasonable rate that takes into account the facts and
15 circumstances of each case at the time the transaction was entered
16 into.

17 (v) "Purchase" includes taking by sale, lease, mortgage, security
18 interest, pledge, gift, or any other voluntary transaction creating an
19 interest in goods.

20 (w) "Sublease" means a lease of goods the right to possession and
21 use of which was acquired by the lessor as a lessee under an existing
22 lease.

23 (x) "Supplier" means a person from whom a lessor buys or leases
24 goods to be leased under a finance lease.

25 (y) "Supply contract" means a contract under which a lessor buys or
26 leases goods to be leased.

27 (z) "Termination" occurs when either party pursuant to a power
28 created by agreement or law puts an end to the lease contract otherwise
29 than for default.

30 (2) Other definitions applying to this Article or to specified
31 Parts thereof, and the sections in which they appear are:

32

33	"Accessions."	RCW 62A.2A-310(1).
34	"Construction	
35	mortgage."	RCW 62A.2A-309(1)(d).
36	"Encumbrance."	RCW 62A.2A-309(1)(e).

1 "Fixtures." RCW 62A.2A-309(1)(a).
2 "Fixture filing." RCW 62A.2A-309(1)(b).
3 "Purchase money
4 lease." RCW 62A.2A-309(1)(c).

5 (3) The following definitions in other Articles apply to this
6 Article:

7 "Account." RCW 62A.9A-
8 102(~~((a)(2))~~) (1)(b).
9 "Between merchants." RCW 62A.2-104(3).
10 "Buyer." RCW 62A.2-103(1)(a).
11 "Chattel paper." RCW 62A.9A-
12 102(~~((a)(11))~~) (1)(k).
13 "Consumer goods." RCW 62A.9A-
14 102(~~((a)(23))~~) (1)(w).
15 "Document." RCW 62A.9A-
16 102(~~((a)(30))~~) (1)(dd).
17 "Entrusting." RCW 62A.2-403(3).
18 "General intangible." RCW 62A.9A-
19 102(~~((a)(42))~~) (1)(pp).
20 "Good faith." RCW 62A.2-103(1)(b).
21 "Instrument." RCW 62A.9A-
22 102(~~((a)(47))~~) (1)(uu).
23 "Merchant." RCW 62A.2-104(1).
24 "Mortgage." RCW 62A.9A-
25 102(~~((a)(55))~~) (1)(ccc).
26 "Pursuant to
27 commitment." RCW 62A.9A-
28 102(~~((a)(68))~~) (1)(qqq).
29 "Receipt." RCW 62A.2-103(1)(c).
30 "Sale." RCW 62A.2-106(1).
31 "Sale on approval." RCW 62A.2-326.
32 "Sale or return." RCW 62A.2-326.
33 "Seller." RCW 62A.2-103(1)(d).

(4) In addition, Article 62A.1 RCW contains general definitions and

1 principles of construction and interpretation applicable throughout
2 this Article.

3 **Sec. 602.** RCW 43.340.050 and 2002 c 365 s 8 are each amended to
4 read as follows:

5 (1) The authority may issue its bonds in principal amounts which,
6 in the opinion of the authority, are necessary to provide sufficient
7 funds for achievement of its purposes, the payment of debt service on
8 its bonds, the establishment of reserves to secure the bonds, the costs
9 of issuance of its bonds and credit enhancements, if any, and all other
10 expenditures of the authority incident to and necessary to carry out
11 its purposes or powers. The authority may also issue refunding bonds,
12 including advance refunding bonds, for the purpose of refunding
13 previously issued bonds, and may issue other types of bonds, debt
14 obligations, and financing arrangements necessary to fulfill its
15 purposes or the purposes of this chapter. The bonds are investment
16 securities and negotiable instruments within the meaning of and for the
17 purposes of the uniform commercial code.

18 (2) The authority's bonds shall bear such date or dates, mature at
19 such time or times, be in such denominations, be in such form, be
20 registered or registrable in such manner, be made transferable,
21 exchangeable, and interchangeable, be payable in such medium of
22 payment, at such place or places, be subject to such terms of
23 redemption, bear such fixed or variable rate or rates of interest, be
24 taxable or tax exempt, be payable at such time or times, and be sold in
25 such manner and at such price or prices, as the authority determines.
26 The bonds shall be executed by one or more officers of the authority,
27 and by the trustee or paying agent if the authority determines to use
28 a trustee or paying agent for the bonds. Execution of the bonds may be
29 by manual or facsimile signature, provided that at least one signature
30 on the bond is manual.

31 (3) The bonds of the authority shall be subject to such terms,
32 conditions, covenants, and protective provisions as are found necessary
33 or desirable by the authority, including, but not limited to, pledges
34 of the authority's assets, setting aside of reserves, and other
35 provisions the authority finds are necessary or desirable for the
36 security of bondholders.

1 (4) Any revenue pledged by the authority to be received under the
2 sales agreement or in special funds created by the authority shall be
3 valid and binding at the time the pledge is made. Receipts so pledged
4 and then or thereafter received by the authority and any securities in
5 which such receipts may be invested shall immediately be subject to the
6 lien of such pledge without any physical delivery thereof or further
7 act. The lien of any such pledge shall be valid and binding as against
8 all parties having claims of any kind against the authority, whether
9 such parties have notice of the lien. Notwithstanding any other
10 provision to the contrary, the resolution or indenture of the authority
11 or any other instrument by which a pledge is created need not be
12 recorded or filed pursuant to chapter 62A.9A RCW to perfect such
13 pledge. The authority shall constitute a governmental unit within the
14 meaning of RCW 62A.9A-102(~~((a)(45))~~) (1)(55).

15 (5) When issuing bonds, the authority may provide for the future
16 issuance of additional bonds or parity debt on a parity with
17 outstanding bonds, and the terms and conditions of their issuance. The
18 authority may issue refunding bonds in accordance with chapter 39.53
19 RCW or issue bonds with a subordinate lien against the fund or funds
20 securing outstanding bonds.

21 (6) The board and any person executing the bonds are not liable
22 personally on the indebtedness or subject to any personal liability or
23 accountability by reason of the issuance thereof.

24 (7) The authority may, out of any fund available therefor, purchase
25 its bonds in the open market.

26 **Sec. 603.** RCW 60.56.015 and 2001 c 32 s 7 are each amended to read
27 as follows:

28 An agister who holds a lien under RCW 60.56.010 shall perfect the
29 lien by (1) posting notice of the lien in a conspicuous location on the
30 premises where the lien holder is keeping the animal or animals, (2)
31 providing a copy of the posted notice to the owner of the animal or
32 animals, and (3) providing a copy of the posted notice to any lien
33 creditor as defined in RCW 62A.9A-102(~~((+52))~~) (1)(zz) if the amount of
34 the agister lien is in excess of one thousand five hundred dollars. A
35 lien creditor may be determined through a search under RCW 62A.9A-523
36 and 62A.9A-526. The lien holder is entitled to collect from the buyer,

1 the seller, or the person selling on a commission basis if there is a
2 failure to make payment to the perfected lien holder.

3 **PART 7**

4 **MISCELLANEOUS PROVISIONS**

5 NEW SECTION. **Sec. 701.** The office of the code reviser must
6 develop legislation for the 2012 legislative session to correct any
7 internal references required to be updated as a result of amendments in
8 this act.

9 NEW SECTION. **Sec. 702.** This act takes effect July 1, 2013.

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