

FINAL BILL REPORT

SHB 1115

C 118 L 13
Synopsis as Enacted

Brief Description: Concerning the Uniform Commercial code.

Sponsors: House Committee on Judiciary (originally sponsored by Representatives Pedersen and Rodne; by request of Uniform Laws Commission).

House Committee on Judiciary
Senate Committee on Law & Justice

Background:

The Uniform Commercial Code (UCC), organized into 11 articles, is a uniform code drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) for the purpose of providing a consistent and integrated framework of rules to deal with commercial transactions. All 50 states have adopted the UCC.

The UCC Article 4A.

Article 4A of the UCC governs funds transfers and the rights and responsibilities of the parties to a funds transfer. Article 4A was drafted principally to govern funds transfers involving commercial entities. Article 4A does not apply to a funds transfer, any part of which is governed by the federal Electronic Fund Transfer Act (EFTA).

The EFTA provides protections to consumers engaging in electronic fund transfers. The EFTA was amended in 2010 to apply to "remittance transfers," which was broadly defined to include transactions that traditionally had not been governed by the EFTA. A "remittance transfer" is an electronic transfer of funds requested by a consumer in the United States to a recipient in a foreign country that is made by any person or financial institution that provides consumer remittance transfers in the normal course of business. The EFTA now governs a remittance transfer, even if the remittance transfer is not an "electronic fund transfer" as defined in the EFTA. As a result, remittance transfers that were formerly covered by the provisions of Article 4A, such as consumer international wire transfers, will no longer be subject to Article 4A, and some aspects of these transfers also will not be governed by the EFTA because they are not electronic fund transfers as defined in that act.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The American Law Institute and the NCCUSL recently approved revisions to Article 4A to ensure that Article 4A will apply to a funds transfer that is a remittance transfer, so long as the transfer does not also meet the definition of electronic fund transfer under the EFTA.

The UCC Article 9.

Article 9 of the UCC (codified as Article 9A in Washington) governs the creation and operation of security interests in various types of personal property and fixtures. Article 9 provides methods of creating and filing a security interest and the manner in which a security interest may be "perfected." Perfection of a security interest is the means by which a secured creditor obtains priority over other creditors who have a security interest in the same collateral. One common method of perfection is by the filing of a financing statement that indicates the debtor, the secured party, and the property subject to the security interest.

Article 9 was revised in 2011 to incorporate the 2010 amendments to the uniform code adopted by the NCCUSL. The 2011 legislation covered a number of topics, including standards for identifying the name of a debtor who is an individual on a financing statement. The name of an individual debtor is sufficient if the financing statement provides the individual name of the debtor, the surname and first personal name of the debtor, or the name of the individual indicated on an unexpired Washington driver's license or identification card.

Summary:

The UCC Article 4A.

Article 4A applies to a funds transfer that is a remittance transfer under the EFTA unless the remittance transfer is an electronic fund transfer as defined in the EFTA. The EFTA controls in the case of an inconsistency between an applicable provision of Article 4A and the EFTA.

Various technical corrections are made to Article 4A to correct drafting errors and inconsistencies with the uniform code created when Article 4A was originally enacted in Washington. Provisions of Article 4A are renumbered to be consistent with the numbering system used in the uniform code.

The UCC Article 9.

Article 9 is amended to prioritize the acceptable methods for indicating the name of a debtor who is an individual on a financing statement. A financing statement sufficiently provides the name of a debtor who is an individual if it provides the name indicated on the individual's unexpired Washington driver's license or identification card. If the individual does not have an unexpired driver's license or identification card, the financing statement is sufficient if it provides the individual name of the debtor or the surname and first personal name of the debtor.

With respect to the effectiveness of a recorded mortgage filed as a fixture filing or a financing statement covering as-extracted collateral or timber to be cut, the record sufficiently provides the name of a debtor who is an individual if it provides the individual name of the debtor or the surname and first personal name of the debtor.

Votes on Final Passage:

House	92	0	
Senate	48	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 1, 2013 (Sections 33-34)
July 28, 2013