
HOUSE BILL 1115

State of Washington

63rd Legislature

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

Read first time 01/16/13. Referred to Committee on Judiciary.

1 AN ACT Relating to the Uniform Commercial code; amending RCW
2 62A.4A-108, 62A.4A-103, 62A.4A-104, 62A.4A-105, 62A.4A-106, 62A.4A-202,
3 62A.4A-203, 62A.4A-204, 62A.4A-205, 62A.4A-206, 62A.4A-207, 62A.4A-208,
4 62A.4A-209, 62A.4A-210, 62A.4A-211, 62A.4A-212, 62A.4A-301, 62A.4A-302,
5 62A.4A-303, 62A.4A-304, 62A.4A-305, 62A.4A-402, 62A.4A-403, 62A.4A-404,
6 62A.4A-405, 62A.4A-406, 62A.4A-501, 62A.4A-502, 62A.4A-503, 62A.4A-504,
7 62A.4A-506, and 62A.4A-507; and creating a new section.

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

9 **Sec. 1.** RCW 62A.4A-108 and 1991 sp.s. c 21 s 4A-108 are each
10 amended to read as follows:

11 RELATIONSHIP TO ELECTRONIC FUND TRANSFER ACT. (a) Except as
12 provided in subsection (b) of this section, this Article does not apply
13 to a funds transfer any part of which is governed by the Electronic
14 Fund Transfer Act of 1978 (Title XX, P.L. 95-630, 92 Stat. 3728, 15
15 U.S.C. Sec. 1693 et seq.) ((as amended from time to time)).

16 (b) This Article applies to a funds transfer that is a remittance
17 transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec.
18 1693o-1), unless the remittance transfer is an electronic fund transfer
19 as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec. 1693a).

1 (c) In a funds transfer to which this Article applies, in the event
2 of an inconsistency between an applicable provision of this Article and
3 an applicable provision of the Electronic Fund Transfer Act, the
4 provision of the Electronic Fund Transfer Act governs to the extent of
5 the inconsistency.

6 **Sec. 2.** RCW 62A.4A-103 and 1991 sp.s. c 21 s 4A-103 are each
7 amended to read as follows:

8 ~~((1))~~ (a) In this Article:

9 ~~((a))~~ (1) "Payment order" means an instruction of a sender to a
10 receiving bank, transmitted orally, electronically, or in writing, to
11 pay, or to cause another bank to pay, a fixed or determinable amount of
12 money to a beneficiary if:

13 (i) The instruction does not state a condition ~~((of))~~ to payment to
14 the beneficiary other than time of payment;

15 (ii) The receiving bank is to be reimbursed by debiting an account
16 of, or otherwise receiving payment from, the sender; and

17 (iii) The instruction is transmitted by the sender directly to the
18 receiving bank or to an agent, funds-transfer system, or communication
19 system for transmittal to the receiving bank.

20 ~~((b))~~ (2) "Beneficiary" means the person to be paid by the
21 beneficiary's bank.

22 ~~((c))~~ (3) "Beneficiary's bank" means the bank identified in a
23 payment order in which an account of the beneficiary is to be credited
24 pursuant to the order or which otherwise is to make payment to the
25 beneficiary if the order does not provide for payment to an account.

26 ~~((d))~~ (4) "Receiving bank" means the bank to which the sender's
27 instruction is addressed.

28 ~~((e))~~ (5) "Sender" means the person giving the instruction to the
29 receiving bank.

30 ~~((2))~~ (b) If an instruction complying with subsection ~~((1)(a))~~
31 (a)(1) of this section is to make more than one payment to a
32 beneficiary, the instruction is a separate payment order with respect
33 to each payment.

34 ~~((3))~~ (c) A payment order is issued when it is sent to the
35 receiving bank.

1 **Sec. 3.** RCW 62A.4A-104 and 1991 sp.s. c 21 s 4A-104 are each
2 amended to read as follows:

3 In this Article:

4 ~~((1))~~ (a) "Funds transfer" means the series of transactions,
5 beginning with the originator's payment order, made for the purpose of
6 making payment to the beneficiary of the order. The term includes any
7 payment order issued by the originator's bank or an intermediary bank
8 intended to carry out the originator's payment order. A funds transfer
9 is completed by acceptance by the beneficiary's bank of a payment order
10 for the benefit of the beneficiary of the originator's payment order.

11 ~~((2))~~ (b) "Intermediary bank" means a receiving bank other than
12 the originator's bank or the beneficiary's bank.

13 ~~((3))~~ (c) "Originator" means the sender of the first payment
14 order in a funds transfer.

15 ~~((4))~~ (d) "Originator's bank" means ~~((a))~~ (i) the receiving
16 bank to which the payment order of the originator is issued if the
17 originator is not a bank, or ~~((b))~~ (ii) the originator if the
18 originator is a bank.

19 **Sec. 4.** RCW 62A.4A-105 and 2012 c 214 s 1201 are each amended to
20 read as follows:

21 ~~((1))~~ (a) In this Article:

22 ~~((a))~~ (1) "Authorized account" means a deposit account of a
23 customer in a bank designated by the customer as a source of payment of
24 payment orders issued by the customer to the bank. If a customer does
25 not so designate an account, any account of the customer is an
26 authorized account if payment of a payment order from that account is
27 not inconsistent with a restriction on the use of ~~((the))~~ that account.

28 ~~((b))~~ (2) "Bank" means a person engaged in the business of
29 banking and includes a savings bank, savings and loan association,
30 credit union, and trust company. A branch or separate office of a bank
31 is a separate bank for purposes of this Article.

32 ~~((c))~~ (3) "Customer" means a person, including a bank, having an
33 account with a bank or from whom a bank has agreed to receive payment
34 orders.

35 ~~((d))~~ (4) "Funds-transfer business day" of a receiving bank means
36 the part of a day during which the receiving bank is open for the

1 receipt, processing, and transmittal of payment orders and
2 cancellations and amendments of payment orders.

3 ~~((e))~~ (5) "Funds-transfer system" means a wire transfer network,
4 automated clearing house, or other communication system of a clearing
5 house or other association of banks through which a payment order by a
6 bank may be transmitted to the bank to which the order is addressed.

7 ~~((f))~~ (6) [Reserved.]

8 ~~((g))~~ (7) "Prove" with respect to a fact means to meet the burden
9 of establishing the fact (RCW 62A.1-201(b)(8)).

10 ~~((2))~~ (b) Other definitions applying to this Article and the
11 sections in which they appear are:

12	"Acceptance"	RCW 62A.4A-209
13	"Beneficiary"	RCW 62A.4A-103
14	"Beneficiary's bank"	RCW 62A.4A-103
15	"Executed"	RCW 62A.4A-301
16	"Execution date"	RCW 62A.4A-301
17	"Funds transfer"	RCW 62A.4A-104
18	"Funds-transfer system rule"	RCW 62A.4A-501
19	"Intermediary bank"	RCW 62A.4A-104
20	"Originator"	RCW 62A.4A-104
21	"Originator's bank"	RCW 62A.4A-104
22	"Payment by beneficiary's 23 bank to beneficiary"	RCW 62A.4A-405
24	"Payment by originator to 25 beneficiary"	RCW 62A.4A-406
26	"Payment by sender to 27 receiving bank"	RCW 62A.4A-403
28	"Payment date"	RCW 62A.4A-401
29	"Payment order"	RCW 62A.4A-103
30	"Receiving bank"	RCW 62A.4A-103
31	"Security procedure"	RCW 62A.4A-201
32	"Sender"	RCW 62A.4A-103

33 ~~((3))~~ (c) The following definitions in Article 4 (RCW 62A.4-101
34 through 62A.4-504) apply to this Article:

1 "Clearing house" RCW 62A.4-104
2 "Item" RCW 62A.4-104
3 "Suspends payments" RCW 62A.4-104

4 ~~((+4))~~ (d) In addition, Article 1 contains general definitions and
5 principles of construction and interpretation applicable throughout
6 this Article.

7 **Sec. 5.** RCW 62A.4A-106 and 2012 c 214 s 1202 are each amended to
8 read as follows:

9 ~~((+1))~~ (a) The time of receipt of a payment order or communication
10 canceling or amending a payment order is determined by the rules
11 applicable to receipt of a notice stated in RCW 62A.1-202. A receiving
12 bank may fix a cut-off time or times on a funds-transfer business day
13 for the receipt and processing of payment orders and communications
14 canceling or amending payment orders. Different cut-off times may
15 apply to payment orders, cancellations, or amendments, or to different
16 categories of payment orders, cancellations, or amendments. A cut-off
17 time may apply to senders generally or different cut-off times may
18 apply to different senders or categories of payment orders. If a
19 payment order or communication canceling or amending a payment order is
20 received after the close of a funds-transfer business day or after the
21 appropriate cut-off time on a funds-transfer business day, the
22 receiving bank may treat the payment order or communication as received
23 at the opening of the next funds-transfer business day.

24 ~~((+2))~~ (b) If this Article refers to an execution date or payment
25 date or states a day on which a receiving bank is required to take
26 action, and the date or day does not fall on a funds-transfer business
27 day, the next day that is a funds-transfer business day is treated as
28 the date or day stated, unless the contrary is stated in this Article.

29 **Sec. 6.** RCW 62A.4A-202 and 1991 sp.s. c 21 s 4A-202 are each
30 amended to read as follows:

31 ~~((+1))~~ (a) A payment order received by the receiving bank is the

1 authorized order of the person identified as sender if that person
2 authorized the order or is otherwise bound by it under the law of
3 agency.

4 ~~((+2))~~ (b) If a bank and its customer have agreed that the
5 authenticity of payment orders issued to the bank in the name of the
6 customer as sender will be verified pursuant to a security procedure,
7 a payment order received by the receiving bank is effective as the
8 order of the customer, whether or not authorized, if ~~((+a))~~ (i) the
9 security procedure is a commercially reasonable method of providing
10 security against unauthorized payment orders, and ~~((+b))~~ (ii) the bank
11 proves that it accepted the payment order in good faith and in
12 compliance with the security procedure and any written agreement or
13 instruction of the customer restricting acceptance of payment orders
14 issued in the name of the customer. The bank is not required to follow
15 an instruction that violates a written agreement with the customer or
16 notice of which is not received at a time and in a manner affording the
17 bank a reasonable opportunity to act on it before the payment order is
18 accepted.

19 ~~((+3))~~ (c) Commercial reasonableness of a security procedure is a
20 question of law to be determined by considering the wishes of the
21 customer expressed to the bank, the circumstances of the customer known
22 to the bank, including the size, type, and frequency of payment orders
23 normally issued by the customer to the bank, alternative security
24 procedures offered to the customer, and security procedures in general
25 use by customers and receiving banks similarly situated. A security
26 procedure is deemed to be commercially reasonable if ~~((+a))~~ (i) the
27 security procedure was chosen ~~((+by))~~ by the customer after the bank
28 offered, and the customer refused, a security procedure that was
29 commercially reasonable for that customer, and ~~((+b))~~ (ii) the
30 customer expressly agreed in writing to be bound by any payment order,
31 whether or not authorized, issued in its name, and accepted by the bank
32 in compliance with the security procedure chosen by the customer.

33 ~~((+4))~~ (d) The term "sender" in this Article includes the customer
34 in whose name a payment order is issued if the order is the authorized
35 order of the customer under subsection ~~((+1))~~ (a) of this section, or
36 it is effective as the order of the customer under subsection ~~((+2))~~
37 (b) of this section.

1 ~~((+5))~~ (e) This section applies to amendments and cancellations of
2 payment orders to the same extent it applies to payment orders.

3 ~~((+6))~~ (f) Except as provided in this section and RCW
4 62A.4A-203~~((+1)(a))~~ (a)(1), rights and obligations arising under this
5 section or RCW 62A.4A-203 may not be varied by agreement.

6 **Sec. 7.** RCW 62A.4A-203 and 1991 sp.s. c 21 s 4A-203 are each
7 amended to read as follows:

8 ~~((+1))~~ (a) If an accepted payment order is not, under RCW
9 ~~((62A.4A-201(1)))~~ 62A.4A-202(a), an authorized order of a customer
10 identified as sender, but is effective as an order of the customer
11 pursuant to RCW 62A.4A-202~~((+2))~~ (b), the following rules apply.

12 ~~((+a))~~ (1) By express written agreement, the receiving bank may
13 limit the extent to which it is entitled to enforce or retain payment
14 of the payment order.

15 ~~((+b))~~ (2) The receiving bank is not entitled to enforce or retain
16 payment of the payment order if the customer proves that the order was
17 not caused, directly or indirectly, by a person (i) entrusted at any
18 time with duties to act for the customer with respect to payment orders
19 or the security procedure, or (ii) who obtained access to transmitting
20 facilities of the customer or who obtained, from a source controlled by
21 the customer and without authority of the receiving bank, information
22 facilitating breach of the security procedure, regardless of how the
23 information was obtained or whether the customer was at fault.
24 Information includes any access device, computer software, or the like.

25 ~~((+2))~~ (b) This section applies to amendments of payment orders to
26 the same extent it applies to payment orders.

27 **Sec. 8.** RCW 62A.4A-204 and 2012 c 214 s 1203 are each amended to
28 read as follows:

29 ~~((+1))~~ (a) If a receiving bank accepts a payment order issued in
30 the name of its customer as sender which is ~~((+a))~~ (i) not authorized
31 and not effective as the order of the customer under RCW 62A.4A-202, or
32 ~~((+b))~~ (ii) not enforceable, in whole or in part, against the customer
33 under RCW 62A.4A-203, the bank shall refund any payment of the payment
34 order received from the customer to the extent the bank is not entitled
35 to enforce payment and shall pay interest on the refundable amount
36 calculated from the date the bank received payment to the date of the

1 refund. However, the customer is not entitled to interest from the
2 bank on the amount to be refunded if the customer fails to exercise
3 ordinary care to determine that the order was not authorized by the
4 customer and to notify the bank of the relevant facts within a
5 reasonable time not exceeding ninety days after the date the customer
6 received notification from the bank that the order was accepted or that
7 the customer's account was debited with respect to the order. The bank
8 is not entitled to any recovery from the customer on account of a
9 failure by the customer to give notification as stated in this section.

10 ~~((+2))~~ (b) Reasonable time under subsection ~~((+1))~~ (a) of this
11 section may be fixed by agreement as stated in RCW 62A.1-302(b), but
12 the obligation of a receiving bank to refund payment as stated in
13 subsection ~~((+1))~~ (a) of this section may not otherwise be varied by
14 agreement.

15 **Sec. 9.** RCW 62A.4A-205 and 1991 sp.s. c 21 s 4A-205 are each
16 amended to read as follows:

17 ~~((+1))~~ (a) If an accepted payment order was transmitted pursuant
18 to a security procedure for the detection of error and the payment
19 order ~~((+a))~~ (i) erroneously instructed payment to a beneficiary not
20 intended by the sender, ~~((+b))~~ (ii) erroneously instructed payment in
21 an amount greater than the amount intended by the sender, or ~~((+e))~~
22 (iii) was an erroneously transmitted duplicate of a payment order
23 previously sent by the sender, the following rules apply:

24 ~~((+i))~~ (1) If the sender proves that the sender or a person acting
25 on behalf of the sender pursuant to RCW 62A.4A-206 complied with the
26 security procedure and that the error would have been detected if the
27 receiving bank had also complied, the sender is not obliged to pay the
28 order to the extent stated in ~~((+ii))~~ paragraphs (2) and ((+iii)) (3)
29 of this subsection.

30 ~~((+ii))~~ (2) If the funds transfer is completed on the basis of an
31 erroneous payment order described in ~~((+b))~~ clause (i) or ~~((+e))~~
32 (iii) of this subsection (a), the sender is not obliged to pay the
33 order and the receiving bank is entitled to recover from the
34 beneficiary any amount paid to the beneficiary to the extent allowed by
35 the law governing mistake and restitution.

36 ~~((+iii))~~ (3) If the funds transfer is completed on the basis of a
37 payment order described in ~~((+b))~~ clause (ii) of this subsection (a),

1 the sender is not obliged to pay the order to the extent the amount
2 received by the beneficiary is greater than the amount intended by the
3 sender. In that case, the receiving bank is entitled to recover from
4 the beneficiary the excess amount received to the extent allowed by the
5 law governing mistake and restitution.

6 ~~((+2))~~ (b) If ~~((+a))~~ (i) the sender of an erroneous payment order
7 described in subsection ~~((+1))~~ (a) of this section is not obliged to
8 pay all or part of the order, and ~~((+b))~~ (ii) the sender receives
9 notification from the receiving bank that the order was accepted by the
10 bank or that the sender's account was debited with respect to the
11 order, the sender has a duty to exercise ordinary care, on the basis of
12 information available to the sender, to discover the error with respect
13 to the order and to advise the bank of the relevant facts within a
14 reasonable time, not exceeding ninety days, after the bank's
15 notification was received by the sender. If the bank proves that the
16 sender failed to perform that duty, the sender is liable to the bank
17 for the loss the bank proves it incurred as a result of the failure,
18 but the liability of the sender may not exceed the amount of the
19 sender's order.

20 ~~((+3))~~ (c) This section applies to amendments to payment orders to
21 the same extent it applies to payment orders.

22 **Sec. 10.** RCW 62A.4A-206 and 1991 sp.s. c 21 s 4A-206 are each
23 amended to read as follows:

24 ~~((+1))~~ (a) If a payment order addressed to a receiving bank is
25 transmitted to a funds-transfer system or other third-party
26 communication system for transmittal to the bank, the system is deemed
27 to be an agent of the sender for the purpose of transmitting the
28 payment order to the bank. If there is a discrepancy between the terms
29 of the payment order transmitted to the system and the terms of the
30 payment order transmitted by the system to the bank, the terms of the
31 payment order of the sender are those transmitted by the system. This
32 section does not apply to a funds-transfer system of the federal
33 reserve banks.

34 ~~((+2))~~ (b) This section applies to cancellations and amendments of
35 payment orders to the same extent it applies to payment orders.

1 **Sec. 11.** RCW 62A.4A-207 and 1991 sp.s. c 21 s 4A-207 are each
2 amended to read as follows:

3 ~~((1))~~ (a) Subject to subsection ~~((2))~~ (b) of this section, if,
4 in a payment order received by the beneficiary's bank, the name, bank
5 account number, or other identification of the beneficiary refers to a
6 nonexistent or unidentifiable person or account, no person has rights
7 as a beneficiary of the order and acceptance of the order cannot occur.

8 ~~((2))~~ (b) If a payment order received by the beneficiary's bank
9 identifies the beneficiary both by name and by an identifying or bank
10 account number and the name and number identify different persons, the
11 following rules apply:

12 ~~((a))~~ (1) Except as otherwise provided in subsection ~~((3))~~ (c)
13 of this section, if the beneficiary's bank does not know that the name
14 and number refer to different persons, it may rely on the number as the
15 proper identification of the beneficiary of the order. The
16 beneficiary's bank need not determine whether the name and number refer
17 to the same person.

18 ~~((b))~~ (2) If the beneficiary's bank pays the person identified by
19 name or knows that the name and number identify different persons, no
20 person has rights as beneficiary except the person paid by the
21 beneficiary's bank if that person was entitled to receive payment from
22 the originator of the funds transfer. If no person has rights as
23 beneficiary, acceptance of the order cannot occur.

24 ~~((3))~~ (c) If ~~((a))~~ (i) a payment order described in subsection
25 ~~((2))~~ (b) of this section is accepted, ~~((b))~~ (ii) the originator's
26 payment order described the beneficiary inconsistently by name and
27 number, and ~~((e))~~ (iii) the beneficiary's bank pays the person
28 identified by number as permitted by subsection ~~((2)(a))~~ (b)(1) of
29 this section, the following rules apply:

30 ~~((i))~~ (1) If the originator is a bank, the originator is obliged
31 to pay its order.

32 ~~((ii))~~ (2) If the originator is not a bank and proves that the
33 person identified by number was not entitled to receive payment from
34 the originator, the originator is not obliged to pay its order unless
35 the originator's bank proves that the originator, before acceptance of
36 the originator's order, had notice that payment of a payment order
37 issued by the originator might be made by the beneficiary's bank on the
38 basis of an identifying or bank account number even if it identifies a

1 person different from the named beneficiary. Proof of notice may be
2 made by any admissible evidence. The originator's bank satisfies the
3 burden of proof if it proves that the originator, before the payment
4 order was accepted, signed a writing stating the information to which
5 the notice relates.

6 ~~((4))~~ (d) In a case governed by subsection ~~((2)(a))~~ (b)(1) of
7 this section, if the beneficiary's bank rightfully pays the person
8 identified by number and that person was not entitled to receive
9 payment from the originator, the amount paid may be recovered from that
10 person to the extent allowed by the law governing mistake and
11 restitution as follows:

12 ~~((a))~~ (1) If the originator is obliged to pay its payment order
13 as stated in subsection ~~((3))~~ (c) of this section, the originator has
14 the right to recover.

15 ~~((b))~~ (2) If the originator is not a bank and is not obliged to
16 pay its payment order, the originator's bank has the right to recover.

17 **Sec. 12.** RCW 62A.4A-208 and 1991 sp.s. c 21 s 4A-208 are each
18 amended to read as follows:

19 ~~((1))~~ (a) This subsection applies to a payment order identifying
20 an intermediary bank or the beneficiary's bank only by an identifying
21 number.

22 ~~((a))~~ (1) The receiving bank may rely on the number as the proper
23 identification of the intermediary or beneficiary's bank and need not
24 determine whether the number identifies a bank.

25 ~~((b))~~ (2) The sender is obliged to compensate the receiving bank
26 for any loss and expenses incurred by the receiving bank as a result of
27 its reliance on the number in executing or attempting to execute the
28 order.

29 ~~((2))~~ (b) This subsection applies to a payment order identifying
30 an intermediary bank or the beneficiary's bank both by name and an
31 identifying number if the name and number identify different persons.

32 ~~((a))~~ (1) If the sender is a bank, the receiving bank may rely on
33 the number as the proper identification of the intermediary or
34 beneficiary's bank if the receiving bank, when it executes the sender's
35 order, does not know that the name and number identify different
36 persons. The receiving bank need not determine whether the name and
37 number refer to the same person or whether the number refers to a bank.

1 The sender is obliged to compensate the receiving bank for any loss and
2 expenses incurred by the receiving bank as a result of its reliance on
3 the number in executing or attempting to execute the order.

4 ~~((b))~~ (2) If the sender is not a bank and the receiving bank
5 proves that the sender, before the payment order was accepted, had
6 notice that the receiving bank might rely on the number as the proper
7 identification of the intermediary or beneficiary's bank even if it
8 identifies a person different from the bank identified by name, the
9 rights and obligations of the sender and the receiving bank are
10 governed by subsection ~~((2)(a))~~ (b)(1) of this section, as though the
11 sender were a bank. Proof of notice may be made by any admissible
12 evidence. The receiving bank satisfies the burden of proof if it
13 proves that the sender, before the payment order was accepted, signed
14 a writing stating the information to which the notice relates.

15 ~~((c))~~ (3) Regardless of whether the sender is a bank, the
16 receiving bank may rely on the name as the proper identification of the
17 intermediary or beneficiary's bank if the receiving bank, at the time
18 it executes the sender's order, does not know that the name and number
19 identify different persons. The receiving bank need not determine
20 whether the name and number refer to the same person.

21 ~~((d))~~ (4) If the receiving bank knows that the name and number
22 identify different persons, reliance on either the name or the number
23 in executing the sender's payment order is a breach of the obligation
24 stated in RCW 62A.4A-302~~((1)(a))~~ (a)(1).

25 **Sec. 13.** RCW 62A.4A-209 and 1991 sp.s. c 21 s 4A-209 are each
26 amended to read as follows:

27 ~~((1))~~ (a) Subject to subsection ~~((4))~~ (d) of this section, a
28 receiving bank other than the beneficiary's bank accepts a payment
29 order when it executes the order.

30 ~~((2))~~ (b) Subject to subsections ~~((3) and (4))~~ (c) and (d) of
31 this section, a beneficiary's bank accepts a payment order at the
32 earliest of the following times:

33 ~~((a))~~ (1) When the bank (i) pays the beneficiary as stated in RCW
34 62A.4A-405 ~~((1) or (2))~~ (a) or (b) or (ii) notifies the beneficiary
35 of receipt of the order or that the account of the beneficiary has been
36 credited with respect to the order unless the notice indicates that the

1 bank is rejecting the order or that funds with respect to the order may
2 not be withdrawn or used until receipt of payment from the sender of
3 the order;

4 ~~((b))~~ (2) When the bank receives payment of the entire amount of
5 the sender's order pursuant to RCW 62A.4A-403~~((1)-(a) or (b))~~ (a) (1)
6 or (2); or

7 ~~((c))~~ (3) The opening of the next funds-transfer business day of
8 the bank following the payment date of the order if, at that time, the
9 amount of the sender's order is fully covered by a withdrawable credit
10 balance in an authorized account of the sender or the bank has
11 otherwise received full payment from the sender, unless the order was
12 rejected before that time or is rejected within (i) one hour after that
13 time, or (ii) one hour after the opening of the next business day of
14 the sender following the payment date if that time is later. If notice
15 of rejection is received by the sender after the payment date and the
16 authorized account of the sender does not bear interest, the bank is
17 obliged to pay interest to the sender on the amount of the order for
18 the number of days elapsing after the payment date to the day the
19 sender receives notice or learns that the order was not accepted,
20 counting that day as an elapsed day. If the withdrawable credit
21 balance during that period falls below the amount of the order, the
22 amount of interest payable is reduced accordingly.

23 ~~((3))~~ (c) Acceptance of a payment order cannot occur before the
24 order is received by the receiving bank. Acceptance does not occur
25 under subsection ~~((2)(b) or (c))~~ (b) (2) or (3) of this section if
26 the beneficiary of the payment order does not have an account with the
27 receiving bank, the account has been closed, or the receiving bank is
28 not permitted by law to receive credits for the beneficiary's account.

29 ~~((4))~~ (d) A payment order issued to the originator's bank cannot
30 be accepted until the payment date if the bank is the beneficiary's
31 bank, or the execution date if the bank is not the beneficiary's bank.
32 If the originator's bank executes the originator's payment order before
33 the execution date or pays the beneficiary of the originator's payment
34 order before the payment date and the payment order is subsequently
35 canceled pursuant to RCW 62A.4A-211~~((2))~~ (b), the bank may recover
36 from the beneficiary any payment received to the extent allowed by the
37 law governing mistake and restitution.

1 **Sec. 14.** RCW 62A.4A-210 and 1991 sp.s. c 21 s 4A-210 are each
2 amended to read as follows:

3 ~~((1))~~ (a) A payment order is rejected by the receiving bank by a
4 notice of rejection transmitted to the sender orally, electronically,
5 or in writing. A notice of rejection need not use any particular words
6 and is sufficient if it indicates that the receiving bank is rejecting
7 the order or will not execute or pay the order. Rejection is effective
8 when the notice is given if transmission is by a means that is
9 reasonable in the circumstances. If notice of rejection is given by a
10 means that is not reasonable, rejection is effective when the notice is
11 received. If an agreement of the sender and receiving bank establishes
12 the means to be used to reject a payment order, ~~((a))~~ (i) any means
13 complying with the agreement is reasonable and ~~((b))~~ (ii) any means
14 not complying is not reasonable unless no significant delay in receipt
15 of the notice resulted from the use of the noncomplying means.

16 ~~((2))~~ (b) This subsection applies if a receiving bank other than
17 the beneficiary's bank fails to execute a payment order despite the
18 existence on the execution date of a withdrawable credit balance in an
19 authorized account of the sender sufficient to cover the order. If the
20 sender does not receive notice of rejection of the order on the
21 execution date and the authorized account of the sender does not bear
22 interest, the bank is obliged to pay interest to the sender on the
23 amount of the order for the number of days elapsing after the execution
24 date to the earlier of the day the order is canceled pursuant to RCW
25 62A.4A-211~~((4))~~ (d) or the day the sender receives notice or learns
26 that the order was not executed, counting the final day of the period
27 as an elapsed day. If the withdrawable credit balance during that
28 period falls below the amount of the order, the amount of interest is
29 reduced accordingly.

30 ~~((3))~~ (c) If a receiving bank suspends payments, all unaccepted
31 payment orders issued to it are deemed rejected at the time the bank
32 suspends payments.

33 ~~((4))~~ (d) Acceptance of a payment order precludes a later
34 rejection of the order. Rejection of a payment order precludes a later
35 acceptance of the order.

36 **Sec. 15.** RCW 62A.4A-211 and 1991 sp.s. c 21 s 4A-211 are each
37 amended to read as follows:

1 ~~((1))~~ (a) A communication of the sender of a payment order
2 canceling or amending the order may be transmitted to the receiving
3 bank orally, electronically, or in writing. If a security procedure is
4 in effect between the sender and the receiving bank, the communication
5 is not effective to cancel or amend the order unless the communication
6 is verified pursuant to the security procedure or the bank agrees to
7 the cancellation or amendment.

8 ~~((2))~~ (b) Subject to subsection ~~((1))~~ (a) of this section, a
9 communication by the sender canceling or amending a payment order is
10 effective to cancel or amend the order if notice of the communication
11 is received at a time and in a manner affording the receiving bank a
12 reasonable opportunity to act on the communication before the bank
13 accepts the payment order.

14 ~~((3))~~ (c) After a payment order has been accepted, cancellation
15 or amendment of the order is not effective unless the receiving bank
16 agrees or a funds-transfer system rule allows cancellation or amendment
17 without agreement of the bank.

18 ~~((a))~~ (1) With respect to a payment order accepted by a receiving
19 bank other than the beneficiary's bank, cancellation or amendment is
20 not effective unless a conforming cancellation or amendment of the
21 payment order issued by the receiving bank is also made.

22 ~~((b))~~ (2) With respect to a payment order accepted by the
23 beneficiary's bank, cancellation or amendment is not effective unless
24 the order was issued in execution of an unauthorized payment order, or
25 because of a mistake by a sender in the funds transfer which resulted
26 in the issuance of a payment order (i) that is a duplicate of a payment
27 order previously issued by the sender, (ii) that orders payment to a
28 beneficiary not entitled to receive payment from the originator, or
29 (iii) that orders payment in an amount greater than the amount the
30 beneficiary was entitled to receive from the originator. If the
31 payment order is canceled or amended, the beneficiary's bank is
32 entitled to recover from the beneficiary any amount paid to the
33 beneficiary to the extent allowed by the law governing mistake and
34 restitution.

35 ~~((4))~~ (d) An unaccepted payment order is canceled by operation of
36 law at the close of the fifth funds-transfer business day of the
37 receiving bank after the execution date or payment date of the order.

1 ~~((+5))~~ (e) A canceled payment order cannot be accepted. If an
2 accepted payment order is canceled, the acceptance is nullified and no
3 person has any right or obligation based on the acceptance. Amendment
4 of a payment order is deemed to be cancellation of the original order
5 at the time of amendment and issue of a new payment order in the
6 amended form at the same time.

7 ~~((+6))~~ (f) Unless otherwise provided in an agreement of the
8 parties or in a funds-transfer system rule, if the receiving bank,
9 after accepting a payment order, agrees to cancellation or amendment of
10 the order by the sender or is bound by a funds-transfer system rule
11 allowing cancellation or amendment without the bank's agreement, the
12 sender, whether or not cancellation or amendment is effective, is
13 liable to the bank for any loss and expenses, including reasonable
14 attorneys' fees, incurred by the bank as a result of the cancellation
15 or amendment or attempted cancellation or amendment.

16 ~~((+7))~~ (g) A payment order is not revoked by the death or legal
17 incapacity of the sender unless the receiving bank knows of the death
18 or of an adjudication of incapacity by a court of competent
19 jurisdiction and has reasonable opportunity to act before acceptance of
20 the order.

21 ~~((+8))~~ (h) A funds-transfer system rule is not effective to the
22 extent it conflicts with subsection ~~((+3)(b))~~ (c)(2) of this section.

23 **Sec. 16.** RCW 62A.4A-212 and 1991 sp.s. c 21 s 4A-212 are each
24 amended to read as follows:

25 If a receiving bank fails to accept a payment order that ~~((+it))~~
26 it is obliged by express agreement to accept, the bank is liable for
27 breach of the agreement to the extent provided in the agreement or in
28 this Article, but does not otherwise have any duty to accept a payment
29 order or, before acceptance, to take any action, or refrain from taking
30 action, with respect to the order except as provided in this Article or
31 by express agreement. Liability based on acceptance arises only when
32 acceptance occurs as stated in RCW 62A.4A-209, and liability is limited
33 to that provided in this Article. A receiving bank is not the agent of
34 the sender or beneficiary of the payment order it accepts, or of any
35 other party to the funds transfer, and the bank owes no duty to any
36 party to the funds transfer except as provided in this Article or by
37 express agreement.

1 **Sec. 17.** RCW 62A.4A-301 and 1991 sp.s. c 21 s 4A-301 are each
2 amended to read as follows:

3 ~~((1))~~ (a) A payment order is "executed" by the receiving bank
4 when it issues a payment order intended to carry out the payment order
5 received by the bank. A payment order received by the beneficiary's
6 bank can be accepted but cannot be executed.

7 ~~((2))~~ (b) "Execution date" of a payment order means the day on
8 which the receiving bank may properly issue a payment order in
9 execution of the sender's order. The execution date may be determined
10 by instruction of the sender but cannot be earlier than the day the
11 order is received and, unless otherwise determined, is the day the
12 order is received. If the sender's instruction states a payment date,
13 the execution date is the payment date or an earlier date on which
14 execution is reasonably necessary to allow payment to the beneficiary
15 on the payment date.

16 **Sec. 18.** RCW 62A.4A-302 and 1991 sp.s. c 21 s 4A-302 are each
17 amended to read as follows:

18 ~~((1))~~ (a) Except as provided in subsections ~~((2) through (4))~~
19 (b) through (d) of this section, if the receiving bank accepts a
20 payment order pursuant to RCW 62A.4A-209~~((1))~~ (a), the bank has the
21 following obligations in executing the order.

22 ~~((a))~~ (1) The receiving bank is obliged to issue, on the
23 execution date, a payment order complying with the sender's order and
24 to follow the sender's instructions concerning (i) any intermediary
25 bank or funds-transfer system to be used in carrying out the funds
26 transfer, or (ii) the means by which payment orders are to be
27 transmitted in the funds transfer. If the originator's bank issues a
28 payment order to an intermediary bank, the originator's bank is obliged
29 to instruct the intermediary bank according to the instruction of the
30 originator. An intermediary bank in the funds transfer is similarly
31 bound by an instruction given to it by the sender of the payment order
32 it accepts.

33 ~~((b))~~ (2) If the sender's instruction states that the funds
34 transfer is to be carried out telephonically or by wire transfer or
35 otherwise indicates that the funds transfer is to be carried out by the
36 most expeditious means, the receiving bank is obliged to transmit its
37 payment order by the most expeditious available means, and to instruct

1 any intermediary bank accordingly. If a sender's instruction states a
2 payment date, the receiving bank is obliged to transmit its payment
3 order at a time and by means reasonably necessary to allow payment to
4 the beneficiary on the payment date or as soon thereafter as is
5 feasible.

6 ~~((+2))~~ (b) Unless otherwise instructed, a receiving bank executing
7 a payment order may ~~((+a))~~ (i) use any funds-transfer system if use of
8 that system is reasonable in the circumstances, and ~~((+b))~~ (ii) issue
9 a payment order to the beneficiary's bank or to an intermediary bank
10 through which a payment order conforming to the sender's order can
11 expeditiously be issued to the beneficiary's bank if the receiving bank
12 exercises ordinary care in the selection of the intermediary bank. A
13 receiving bank is not required to follow an instruction of the sender
14 designating a funds-transfer system to be used in carrying out the
15 funds transfer if the receiving bank, in good faith, determines that it
16 is not feasible to follow the instruction or that following the
17 instruction would unduly delay completion of the funds transfer.

18 ~~((+3))~~ (c) Unless subsection ~~((+1)(b))~~ (a)(2) of this section
19 applies or the receiving bank is otherwise instructed, the bank may
20 execute a payment order by transmitting its payment order by first~~((+))~~
21 class mail or by any means reasonable in the circumstances. If the
22 receiving bank is instructed to execute the sender's order by
23 transmitting its payment order by a particular means, the receiving
24 bank may issue its payment order by the means stated or by any means as
25 expeditious as the means stated.

26 ~~((+4))~~ (d) Unless instructed by the sender, ~~((+a))~~ (i) the
27 receiving bank may not obtain payment of its charges for services and
28 expenses in connection with the execution of the sender's order by
29 issuing a payment order in an amount equal to the amount of the
30 sender's order less the amount of the charges, and ~~((+b))~~ (ii) may not
31 instruct a subsequent receiving bank to obtain payment of its charges
32 in the same manner.

33 **Sec. 19.** RCW 62A.4A-303 and 1991 sp.s. c 21 s 4A-303 are each
34 amended to read as follows:

35 ~~((+1))~~ (a) A receiving bank that ~~((+a))~~ (i) executes the payment
36 order of the sender by issuing a payment order in an amount greater
37 than the amount of the sender's order, or ~~((+b))~~ (ii) issues a payment

1 order in execution of the sender's order and then issues a duplicate
2 order, is entitled to payment of the amount of the sender's order under
3 RCW 62A.4A-402(~~(+3)~~) (c) if that subsection is otherwise satisfied.
4 The bank is entitled to recover from the beneficiary of the erroneous
5 order the excess payment received to the extent allowed by the law
6 governing mistake and restitution.

7 ~~((+2))~~ (b) A receiving bank that executes the payment order of the
8 sender by issuing a payment order in an amount less than the amount of
9 the sender's order is entitled to payment of the amount of the sender's
10 order under RCW 62A.4A-402(~~(+3)~~) (c) if ~~((+a))~~ (i) that subsection is
11 otherwise satisfied and ~~((+b))~~ (ii) the bank corrects its mistake by
12 issuing an additional payment order for the benefit of the beneficiary
13 of the sender's order. If the error is not corrected, the issuer of
14 the erroneous order is entitled to receive or retain payment from the
15 sender of the order it accepted only to the extent of the amount of the
16 erroneous order. This subsection does not apply if the receiving bank
17 executes the sender's payment order by issuing a payment order in an
18 amount less than the amount of the sender's order for the purpose of
19 obtaining payment of its charges for services and expenses pursuant to
20 instruction of the sender.

21 ~~((+3))~~ (c) If a receiving bank executes the payment order of the
22 sender by issuing a payment order to a beneficiary different from the
23 beneficiary of the sender's order and the funds transfer is completed
24 on the basis of that error, the sender of the payment order that was
25 erroneously executed and all previous senders in the funds transfer are
26 not obliged to pay the payment orders they issued. The issuer of the
27 erroneous order is entitled to recover from the beneficiary of the
28 order the payment received to the extent allowed by the law governing
29 mistake and restitution.

30 **Sec. 20.** RCW 62A.4A-304 and 1991 sp.s. c 21 s 4A-304 are each
31 amended to read as follows:

32 If the sender of a payment order that is erroneously executed as
33 stated in RCW 62A.4A-303 receives notification from the receiving bank
34 that the order was executed or that the sender's account was debited
35 with respect to the order, the sender has a duty to exercise ordinary
36 care to determine, on the basis of information available to the sender,
37 that the order was erroneously executed and to notify the bank of the

1 relevant facts within a reasonable time not exceeding ninety days after
2 the notification from the bank was received by the sender. If the
3 sender fails to perform that duty, the bank is not obliged to pay
4 interest on any amount refundable to the sender under RCW
5 62A.4A-402(~~(+4)~~) (d) for the period before the bank learns of the
6 execution error. The bank is not entitled to any recovery from the
7 sender on account of a failure by the sender to perform the duty stated
8 in this section.

9 **Sec. 21.** RCW 62A.4A-305 and 1991 sp.s. c 21 s 4A-305 are each
10 amended to read as follows:

11 ~~((+1))~~ (a) If a funds transfer is completed but execution of a
12 payment order by the receiving bank in breach of RCW 62A.4A-302 results
13 in delay in payment to the beneficiary, the bank is obliged to pay
14 interest to either the originator or the beneficiary of the funds
15 transfer for the period of delay caused by the improper execution.
16 Except as provided in subsection ~~((+3))~~ (c) of this section,
17 additional damages are not recoverable.

18 ~~((+2))~~ (b) If execution of a payment order by a receiving bank in
19 breach of RCW 62A.4A-302 results in ~~((+a))~~ (i) noncompletion of the
20 funds transfer, ~~((+b))~~ (ii) failure to use an intermediary bank
21 designated by the originator, or ~~((+e))~~ (iii) issuance of a payment
22 order that does not comply with the terms of the payment order of the
23 originator, the bank is liable to the originator for its expenses in
24 the funds transfer and for incidental expenses and interest losses, to
25 the extent not covered by subsection ~~((+1))~~ (a) of this section,
26 resulting from the improper execution. Except as provided in
27 subsection ~~((+3))~~ (c) of this section, additional damages are not
28 recoverable.

29 ~~((+3))~~ (c) In addition to the amounts payable under subsections
30 ~~((+1) and (+2))~~ (a) and (b) of this section, damages, including
31 consequential damages, are recoverable to the extent provided in an
32 express written agreement of the receiving bank.

33 ~~((+4))~~ (d) If a receiving bank fails to execute a payment order it
34 was obliged by express agreement to execute, the receiving bank is
35 liable to the sender for its expenses in the transaction and for
36 incidental expenses and interest losses resulting from the failure to

1 execute. Additional damages, including consequential damages, are
2 recoverable to the extent provided in an express written agreement of
3 the receiving bank, but are not otherwise recoverable.

4 ~~((+5))~~ (e) Reasonable attorneys' fees are recoverable if demand
5 for compensation under subsection ~~((+1) or (+2))~~ (a) or (b) of this
6 section is made and refused before an action is brought on the claim.
7 If a claim is made for breach of an agreement under subsection ~~((+4))~~
8 (d) of this section and the agreement does not provide for damages,
9 reasonable attorneys' fees are recoverable if demand for compensation
10 under subsection ~~((+4))~~ (d) of this section is made and refused before
11 an action is brought on the claim.

12 ~~((+6))~~ (f) Except as stated in this section, the liability of a
13 receiving bank under subsections ~~((+1) and (+2))~~ (a) and (b) of this
14 section may not be varied by agreement.

15 **Sec. 22.** RCW 62A.4A-402 and 1991 sp.s. c 21 s 4A-402 are each
16 amended to read as follows:

17 ~~((+1))~~ (a) This section is subject to RCW 62A.4A-205 and
18 62A.4A-207.

19 ~~((+2))~~ (b) With respect to a payment order issued to the
20 beneficiary's bank, acceptance of the order by the bank obliges the
21 sender to pay the bank the amount of the order, but payment is not due
22 until the payment date of the order.

23 ~~((+3))~~ (c) This subsection is subject to subsection ~~((+5))~~ (e) of
24 this section and to RCW 62A.4A-303. With respect to a payment order
25 issued to a receiving bank other than the beneficiary's bank,
26 acceptance of the order by the receiving bank obliges the sender to pay
27 the bank the amount of the sender's order. Payment by the sender is
28 not due until the execution date of the sender's order. The obligation
29 of that sender to pay its payment order is excused if the funds
30 transfer is not completed by acceptance by the beneficiary's bank of a
31 payment order instructing payment to the beneficiary of that sender's
32 payment order.

33 ~~((+4))~~ (d) If the sender of a payment order pays the order and was
34 not obliged to pay all or part of the amount paid, the bank receiving
35 payment is obliged to refund payment to the extent the sender was not
36 obliged to pay. Except as provided in RCW 62A.4A-204 and 62A.4A-304,
37 interest is payable on the refundable amount from the date of payment.

1 ~~((+5))~~ (e) If a funds transfer is not completed as stated in
2 ~~((this subsection))~~ (c) of this section and an intermediary bank is
3 obliged to refund payment as stated in subsection ~~((+4))~~ (d) of this
4 section but is unable to do so because not permitted by applicable law
5 or because the bank suspends payments, a sender in the funds transfer
6 that executed a payment order in compliance with an instruction, as
7 stated in RCW 62A.4A-302~~((+1)(a))~~ (a)(1), to route the funds transfer
8 through that intermediary bank is entitled to receive or retain payment
9 from the sender of the payment order that it accepted. The first
10 sender in the funds transfer that issued an instruction requiring
11 routing through that intermediary bank is subrogated to the right of
12 the bank that paid the intermediary bank to refund as stated in
13 subsection ~~((+4))~~ (d) of this section.

14 ~~((+6))~~ (f) The right of the sender of a payment order to be
15 excused from the obligation to pay the order as stated in subsection
16 ~~((+3))~~ (c) of this section or to receive refund under subsection
17 ~~((+4))~~ (d) of this section may not be varied by agreement.

18 **Sec. 23.** RCW 62A.4A-403 and 1991 sp.s. c 21 s 4A-403 are each
19 amended to read as follows:

20 ~~((+1))~~ (a) Payment of the sender's obligation under RCW 62A.4A-402
21 to pay the receiving bank occurs as follows:

22 ~~((+a))~~ (1) If the sender is a bank, payment occurs when the
23 receiving bank receives final settlement of the obligation through a
24 federal reserve bank or through a funds-transfer system.

25 ~~((+b))~~ (2) If the sender is a bank and the sender (i) credited an
26 account of the receiving bank with the sender, or (ii) caused an
27 account of the receiving bank in another bank to be credited, payment
28 occurs when the credit is withdrawn or, if not withdrawn, at midnight
29 of the day on which the credit is withdrawable and the receiving bank
30 learns of that fact.

31 ~~((+c))~~ (3) If the receiving bank debits an account of the sender
32 with the receiving bank, payment occurs when the debit is made to the
33 extent the debit is covered by a withdrawable credit balance in the
34 account.

35 ~~((+2))~~ (b) If the sender and receiving bank are members of a
36 funds-transfer system that nets obligations multilaterally among
37 participants, the receiving bank receives final settlement when

1 settlement is complete in accordance with the rules of the system. The
2 obligation of the sender to pay the amount of a payment order
3 transmitted through the funds-transfer system may be satisfied, to the
4 extent permitted by the rules of the system, by setting off and
5 applying against the sender's obligation the right of the sender to
6 receive payment from the receiving bank of the amount of any other
7 payment order transmitted to the sender by the receiving bank through
8 the funds-transfer system. The aggregate balance of obligations owed
9 by each sender to each receiving bank in the funds-transfer system may
10 be satisfied, to the extent permitted by the rules of the system, by
11 setting off and applying against that balance the aggregate balance of
12 obligations owed to the sender by other members of the system. The
13 aggregate balance is determined after the right of setoff stated in the
14 second sentence of this subsection has been exercised.

15 ~~((3))~~ (c) If two banks transmit payment orders to each other
16 under an agreement that settlement of the obligations of each bank to
17 the other under RCW 62A.4A-402 will be made at the end of the day or
18 other period, the total amount owed with respect to all orders
19 transmitted by one bank shall be set off against the total amount owed
20 with respect to all orders transmitted by the other bank. To the
21 extent of the setoff, each bank has made payment to the other.

22 ~~((4))~~ (d) In a case not covered by subsection ~~((1))~~ (a) of this
23 section, the time when payment of the sender's obligation under RCW
24 62A.4A-402 ~~((2) or (3))~~ (b) or (c) occurs is governed by applicable
25 principles of law that determine when an obligation is satisfied.

26 **Sec. 24.** RCW 62A.4A-404 and 1991 sp.s. c 21 s 4A-404 are each
27 amended to read as follows:

28 ~~((1))~~ (a) Subject to RCW 62A.4A-211~~((5))~~ (e), 62A.4A-405~~((4))~~
29 (d), and 62A.4A-405~~((5))~~ (e), if a beneficiary's bank accepts a
30 payment order, the bank is obliged to pay the amount of the order to
31 the beneficiary of the order. Payment is due on the payment date of
32 the order, but if acceptance occurs on the payment date after the close
33 of the funds-transfer business day of the bank, payment is due on the
34 next funds-transfer business day. If the bank refuses to pay after
35 demand by the beneficiary and receipt of notice of particular
36 circumstances that will give rise to consequential damages as a result
37 of nonpayment, the beneficiary may recover damages resulting from the

1 refusal to pay to the extent the bank had notice of the damages, unless
2 the bank proves that it did not pay because of a reasonable doubt
3 concerning the right of the beneficiary to payment.

4 ((+2)) (b) If a payment order accepted by the beneficiary's bank
5 instructs payment to an account of the beneficiary, the bank is obliged
6 to notify the beneficiary of receipt of the order before midnight of
7 the next funds-transfer business day following the payment date. If
8 the payment order does not instruct payment to an account of the
9 beneficiary, the bank is required to notify the beneficiary only if
10 notice is required by the order. Notice may be given by first-class
11 mail or any other means reasonable in the circumstances. If the bank
12 fails to give the required notice, the bank is obliged to pay interest
13 to the beneficiary on the amount of the payment order from the day
14 notice should have been given until the day the beneficiary learned of
15 receipt of the payment order by the bank. No other damages are
16 recoverable. Reasonable attorneys' fees are also recoverable if demand
17 for interest is made and refused before an action is brought on the
18 claim.

19 ((+3)) (c) The right of a beneficiary to receive payment and
20 damages as stated in subsection (a) (~~(subsection (1) of this~~
21 ~~section)~~) of this section may not be varied by agreement or a funds-
22 transfer system rule. The right of a beneficiary to be notified as
23 stated in subsection ((+2)) (b) of this section may be varied by
24 agreement of the beneficiary or by a funds-transfer system rule if the
25 beneficiary is notified of the rule before initiation of the funds
26 transfer.

27 **Sec. 25.** RCW 62A.4A-405 and 1991 sp.s. c 21 s 4A-405 are each
28 amended to read as follows:

29 ((+1)) (a) If the beneficiary's bank credits an account of the
30 beneficiary of a payment order, payment of the bank's obligation under
31 RCW 62A.4A-404((+1)) (a) occurs when and to the extent ((+a)) (i) the
32 beneficiary is notified of the right to withdraw the credit, ((+b))
33 (ii) the bank lawfully applies the credit to a debt of the beneficiary,
34 or ((+c)) (iii) funds with respect to the order are otherwise made
35 available to the beneficiary by the bank.

36 ((+2)) (b) If the beneficiary's bank does not credit an account of

1 the beneficiary of a payment order, the time when payment of the bank's
2 obligation under RCW 62A.4A-404(~~(1)~~) (a) occurs is governed by
3 principles of law that determine when an obligation is satisfied.

4 ~~((3))~~ (c) Except as stated in subsections ~~((4) and (5))~~ (d) and
5 (e) of this ~~(act [section])~~ section, if the beneficiary's bank pays
6 the beneficiary of a payment order under a condition to payment or
7 agreement of the beneficiary giving the bank the right to recover
8 payment from the beneficiary if the bank does not receive payment of
9 the order, the condition to payment or agreement is not enforceable.

10 ~~((4))~~ (d) A funds-transfer system rule may provide that payments
11 made to beneficiaries of funds transfers made through the system are
12 provisional until receipt of payment by the beneficiary's bank of the
13 payment order it accepted. A beneficiary's bank that makes a payment
14 that is provisional under the rule is entitled to refund from the
15 beneficiary if ~~((a))~~ (i) the rule requires that both the beneficiary
16 and the originator be given notice of the provisional nature of the
17 payment before the funds transfer is initiated, ~~((b))~~ (ii) the
18 beneficiary, the beneficiary's bank and the originator's bank agreed to
19 be bound by the rule, and ~~((c))~~ (iii) the beneficiary's bank did not
20 receive payment of the payment order that it accepted. If the
21 beneficiary is obliged to refund payment to the beneficiary's bank,
22 acceptance of the payment order by the beneficiary's bank is nullified
23 and no payment by the originator of the funds transfer to the
24 beneficiary occurs under RCW 62A.4A-406.

25 ~~((5))~~ (e) This subsection applies to a funds transfer that
26 includes a payment order transmitted over a funds-transfer system that
27 ~~((a))~~ (i) nets obligations multilaterally among participants, and
28 ~~((b))~~ (ii) has in effect a loss-sharing agreement among participants
29 for the purpose of providing funds necessary to complete settlement of
30 the obligations of one or more participants that do not meet their
31 settlement obligations. If the beneficiary's bank in the funds
32 transfer accepts a payment order and the system fails to complete
33 settlement pursuant to its rules with respect to any payment order in
34 the funds transfer, (i) the acceptance by the beneficiary's bank is
35 nullified and no person has any right or obligation based on the
36 acceptance, (ii) the beneficiary's bank is entitled to recover payment
37 from the beneficiary, (iii) no payment by the originator to the
38 beneficiary occurs under RCW 62A.4A-406, and (iv) subject to RCW

1 62A.4A-402(~~((+5))~~) (e), (~~((each sender in the funds transfer is excused~~
2 ~~from its obligation to pay its payment order under RCW 62A.4A-402(5),))~~
3 each sender in the funds transfer is excused from its obligation to pay
4 its payment order under RCW 62A.4A-402(~~((+3))~~) (c) because the funds
5 transfer has not been completed.

6 **Sec. 26.** RCW 62A.4A-406 and 1991 sp.s. c 21 s 4A-406 are each
7 amended to read as follows:

8 ~~((+1))~~ (a) Subject to RCW 62A.4A-211(~~((+5))~~) (e), 62A.4A-405(~~((+4))~~)
9 (d), and 62A.4A-405(~~((+5))~~) (e), the originator of a funds transfer pays
10 the beneficiary of the originator's payment order (~~((+a))~~) (i) at the
11 time a payment order for the benefit of the beneficiary is accepted by
12 the beneficiary's bank in the funds transfer and (~~((+b))~~) (ii) in an
13 amount equal to the amount of the order accepted by the beneficiary's
14 bank, but not more than the amount of the originator's order.

15 ~~((+2))~~ (b) If payment under subsection (~~((+1))~~) (a) of this section
16 is made to satisfy an obligation, the obligation is discharged to the
17 same extent discharge would result from payment to the beneficiary of
18 the same amount in money, unless (~~((+a))~~) (i) the payment under
19 subsection (~~((+1))~~) (a) of this section was made by a means prohibited
20 by the contract of the beneficiary with respect to the obligation,
21 (~~((+b))~~) (ii) the beneficiary, within a reasonable time after receiving
22 notice of receipt of the order by the beneficiary's bank, notified the
23 originator of the beneficiary's refusal of the payment, (~~((+c))~~) (iii)
24 funds with respect to the order were not withdrawn by the beneficiary
25 or applied to a debt of the beneficiary, and (~~((+d))~~) (iv) the
26 beneficiary would suffer a loss that could reasonably have been avoided
27 if payment had been made by a means complying with the contract. If
28 payment by the originator does not result in discharge under this
29 section, the originator is subrogated to the rights of the beneficiary
30 to receive payment from the beneficiary's bank under RCW
31 62A.4A-404(~~((+1))~~) (a).

32 ~~((+3))~~ (c) For the purpose of determining whether discharge of an
33 obligation occurs under subsection (~~((+2))~~) (b) of this section, if the
34 beneficiary's bank accepts a payment order in an amount equal to the
35 amount of the originator's payment order less charges of one or more
36 receiving banks in the funds transfer, payment to the beneficiary is

1 deemed to be in the amount of the originator's order unless upon demand
2 by the beneficiary the originator does not pay the beneficiary the
3 amount of the deducted charges.

4 ~~((+4))~~ (d) Rights of the originator or of the beneficiary of a
5 funds transfer under this section may be varied only by agreement of
6 the originator and the beneficiary.

7 **Sec. 27.** RCW 62A.4A-501 and 1991 sp.s. c 21 s 4A-501 are each
8 amended to read as follows:

9 ~~((+1))~~ (a) Except as otherwise provided in this Article, the
10 rights and obligations of a party to a funds transfer may be varied by
11 agreement of the affected party.

12 ~~((+2))~~ (b) "Funds-transfer system rule" means a rule of an
13 association of banks ~~((+a))~~ (i) governing transmission of payment
14 orders by means of a funds-transfer system of the association or rights
15 and obligations with respect to those orders, or ~~((+b))~~ (ii) to the
16 extent the rule governs rights and obligations between banks that are
17 parties to a funds transfer in which a federal reserve bank, acting as
18 an intermediary bank, sends a payment order to the beneficiary's bank.
19 Except as otherwise provided in this Article, a funds-transfer system
20 rule governing rights and obligations between participating banks using
21 the system may be effective even if the rule conflicts with ~~((the))~~
22 this Article and indirectly affects another party to the funds transfer
23 who does not consent to the rule. A funds-transfer system rule may
24 also govern rights and obligations of parties other than participating
25 banks using the system to the extent stated in RCW 62A.4A-404~~((+3))~~
26 (c), 62A.4A-405~~((+4))~~ (d), and 62A.4A-507~~((+3))~~ (c).

27 **Sec. 28.** RCW 62A.4A-502 and 1991 sp.s. c 21 s 4A-502 are each
28 amended to read as follows:

29 ~~((+1))~~ (a) As used in this section, "creditor process" means levy,
30 attachment, garnishment, notice of lien, sequestration, or similar
31 process issued by or on behalf of a creditor or other claimant with
32 respect to an account.

33 ~~((+2))~~ (b) This subsection applies to creditor process with
34 respect to an authorized account of the sender of a payment order if
35 the creditor process is served on the receiving bank. For the purpose
36 of determining rights with respect to the creditor process, if the

1 receiving bank accepts the payment order the balance in the authorized
2 account is deemed to be reduced by the amount of the payment order to
3 the extent the bank did not otherwise receive payment of the order,
4 unless the creditor process is served at ~~((the))~~ a time and in a manner
5 affording the bank a reasonable opportunity to act on it before the
6 bank accepts the payment order.

7 ~~((+3+))~~ (c) If a beneficiary's bank has received a payment order
8 for payment to the beneficiary's account in the bank, the following
9 rules apply:

10 ~~((+a+))~~ (1) The bank may credit the beneficiary's account. The
11 amount credited may be set off against an obligation owed by the
12 beneficiary to the bank or may be applied to satisfy creditor process
13 served on the bank with respect to the account.

14 ~~((+b+))~~ (2) The bank may credit the beneficiary's account and allow
15 withdrawal of the amount credited unless creditor process with respect
16 to the account is served at ~~((the))~~ a time and in a manner affording
17 the bank a reasonable opportunity to act to prevent withdrawal.

18 ~~((+e+))~~ (3) If creditor process with respect to the beneficiary's
19 account has been served and the bank has had a reasonable opportunity
20 to act on it, the bank may not reject the payment order except for a
21 reason unrelated to the service of process.

22 ~~((+4+))~~ (d) Creditor process with respect to a payment by the
23 originator to the beneficiary pursuant to a funds transfer may be
24 served only on the beneficiary's bank with respect to the debt owed by
25 that bank to the beneficiary. Any other bank served with the creditor
26 process is not obliged to act with respect to the process.

27 **Sec. 29.** RCW 62A.4A-503 and 1991 sp.s. c 21 s 4A-503 are each
28 amended to read as follows:

29 For proper cause and in compliance with applicable law, a court may
30 restrain ~~((+1+))~~ (i) a person from issuing a payment order to initiate
31 a funds transfer, ~~((+2+))~~ (ii) an originator's bank from executing the
32 payment order of the originator, or ~~((+3+))~~ (iii) the beneficiary's
33 bank from releasing funds to the beneficiary or the beneficiary from
34 withdrawing the funds. A court may not otherwise restrain a person
35 from issuing a payment order, paying or receiving payment of a payment
36 order, or otherwise acting with respect to a funds transfer.

1 **Sec. 30.** RCW 62A.4A-504 and 1991 sp.s. c 21 s 4A-504 are each
2 amended to read as follows:

3 ~~((1))~~ (a) If a receiving bank has received more than one payment
4 order of the sender or one or more payment orders and other items that
5 are payable from the sender's account, the bank may charge the sender's
6 account with respect to the various orders and items in any sequence.

7 ~~((2))~~ (b) In determining whether a credit to an account has been
8 withdrawn by the holder of the account or applied to a debt of the
9 holder of the account, credits first made to the account are first
10 withdrawn or applied.

11 **Sec. 31.** RCW 62A.4A-506 and 1991 sp.s. c 21 s 4A-506 are each
12 amended to read as follows:

13 ~~((1))~~ (a) If, under this Article, a receiving bank is obliged to
14 pay interest with respect to a payment order issued to the bank, the
15 amount payable may be determined ~~((a))~~ (i) by agreement of the sender
16 and receiving bank, or ~~((b))~~ (ii) by a funds-transfer system rule if
17 the payment order is transmitted through a funds-transfer system.

18 ~~((2))~~ (b) If the amount of interest is not determined by an
19 agreement or rule as stated in subsection ~~((1))~~ (a) of this section,
20 the amount is calculated by multiplying the applicable federal funds
21 rate by the amount on which interest is payable, and then multiplying
22 the product by the number of days for which interest is payable. The
23 applicable federal funds rate is the average of the federal funds rates
24 published by the federal reserve bank of New York for each of the days
25 for which interest is payable divided by three hundred sixty. The
26 federal funds rate for any day on which a published rate is not
27 available is the same as the published rate for the next preceding day
28 for which there is a published rate. If a receiving bank that accepted
29 a payment order is required to refund payment to the sender of the
30 order because the funds transfer was not completed, but the failure to
31 complete was not due to any fault by the bank, the interest payable is
32 reduced by a percentage equal to the reserve requirement on deposits of
33 the receiving bank.

34 **Sec. 32.** RCW 62A.4A-507 and 1991 sp.s. c 21 s 4A-507 are each
35 amended to read as follows:

1 ~~((1))~~ (a) The following rules apply unless the affected parties
2 otherwise agree or subsection ~~((3))~~ (c) of this section applies~~((7))~~;
3 ~~((a))~~ (1) The rights and obligations between the sender of a
4 payment order and the receiving bank are governed by the law of the
5 jurisdiction in which the receiving bank is located.
6 ~~((b))~~ (2) The rights and obligations between the beneficiary's
7 bank and the beneficiary are governed by the law of the jurisdiction in
8 which the beneficiary's bank is located.
9 ~~((c))~~ (3) The issue of when payment is made pursuant to a funds
10 transfer by the originator to the beneficiary is governed by the law of
11 the jurisdiction in which the beneficiary's bank is located.
12 ~~((2))~~ (b) If the parties described in each paragraph of
13 subsection ~~((1))~~ (a) of this section have made an agreement selecting
14 the law of a particular jurisdiction to govern rights and obligations
15 between each other, the law of that jurisdiction governs those rights
16 and obligations, whether or not the payment order or the funds transfer
17 bears a reasonable relation to that jurisdiction.
18 ~~((3))~~ (c) A funds-transfer system rule may select the law of a
19 particular jurisdiction to govern ~~((a))~~ (i) rights and obligations
20 between participating banks with respect to payment orders transmitted
21 or processed through the system, or ~~((b))~~ (ii) the rights and
22 obligations of some or all parties to a funds transfer any part of
23 which is carried out by means of the system. A choice of law made
24 pursuant to ~~((a))~~ clause (i) of this subsection is binding on
25 participating banks. A choice of law made pursuant to ~~((b))~~ clause
26 (ii) of this subsection is binding on the originator, other sender, or
27 a receiving bank having notice that the funds-transfer system might be
28 used in the funds transfer and of the choice of law by the system when
29 the originator, other sender, or receiving bank issued or accepted a
30 payment order. The beneficiary of a funds transfer is bound by the
31 choice of law if, when the funds transfer is initiated, the beneficiary
32 has notice that the funds-transfer system might be used in the funds
33 transfer and of the choice of law by the system. The law of a
34 jurisdiction selected pursuant to this subsection may govern, whether
35 or not that law bears a reasonable relation to the matter in issue.
36 ~~((4))~~ (d) In the event of inconsistency between an agreement
37 under subsection ~~((2))~~ (b) of this section and a choice-of-law rule

1 under subsection (~~(3)~~) (c) of this section, the agreement under
2 subsection (~~(2)~~) (b) of this section prevails.

3 (~~(5)~~) (e) If a funds transfer is made by use of more than one
4 funds-transfer system and there is inconsistency between choice-of-law
5 rules of the systems, the matter in issue is governed by the law of the
6 selected jurisdiction that has the most significant relationship to the
7 matter in issue.

8 NEW SECTION. **Sec. 33.** Section captions as used in this act are
9 law.

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