

SSB 5077 - H AMD TO CRJ COMM AMD (H-1766.1/23) 569  
By Representative Walsh

NOT ADOPTED 04/06/2023

1 Beginning on page 1, line 4, after "**Sec. 101.**" strike all  
2 material through "2024." on page 134, line 1 and insert the  
3 following:

4 "RCW 62A.1-201 and 2012 c 214 s 109 are each amended to read as  
5 follows:

6 (a) Unless the context otherwise requires, words or phrases  
7 defined in this section, or in the additional definitions contained  
8 in other articles of this title that apply to particular articles or  
9 parts thereof, have the meanings stated.

10 (b) Subject to definitions contained in other articles of this  
11 title that apply to particular articles or parts thereof:

12 (1) "Action," in the sense of a judicial proceeding, includes  
13 recoupment, counterclaim, set-off, suit in equity, and any other  
14 proceeding in which rights are determined.

15 (2) "Aggrieved party" means a party entitled to pursue a remedy.

16 (3) "Agreement," as distinguished from "contract," means the  
17 bargain of the parties in fact, as found in their language or  
18 inferred from other circumstances, including course of performance,  
19 course of dealing, or usage of trade as provided in RCW 62A.1-303.

20 (4) "Bank" means a person engaged in the business of banking and  
21 includes a savings bank, savings and loan association, credit union,  
22 and trust company.

23 (5) "Bearer" means a person in control of a negotiable electronic  
24 document of title or a person in possession of a negotiable  
25 instrument, negotiable tangible document of title, or certificated  
26 security that is payable to bearer or indorsed in blank.

27 (6) "Bill of lading" means a document of title evidencing the  
28 receipt of goods for shipment issued by a person engaged in the  
29 business of directly or indirectly transporting or forwarding goods.  
30 The term does not include a warehouse receipt.

31 (7) "Branch" includes a separately incorporated foreign branch of  
32 a bank.

1 (8) "Burden of establishing" a fact means the burden of  
2 persuading the trier of fact that the existence of the fact is more  
3 probable than its nonexistence.

4 (9) "Buyer in ordinary course of business" means a person that  
5 buys goods in good faith, without knowledge that the sale violates  
6 the rights of another person in the goods, and in the ordinary course  
7 from a person, other than a pawnbroker, in the business of selling  
8 goods of that kind. A person buys goods in the ordinary course if the  
9 sale to the person comports with the usual or customary practices in  
10 the kind of business in which the seller is engaged or with the  
11 seller's own usual or customary practices. A person that sells oil,  
12 gas, or other minerals at the wellhead or minehead is a person in the  
13 business of selling goods of that kind. A buyer in ordinary course of  
14 business may buy for cash, by exchange of other property, or on  
15 secured or unsecured credit, and may acquire goods or documents of  
16 title under a preexisting contract for sale. Only a buyer that takes  
17 possession of the goods or has a right to recover the goods from the  
18 seller under Article 2 of this title may be a buyer in ordinary  
19 course of business. "Buyer in ordinary course of business" does not  
20 include a person that acquires goods in a transfer in bulk or as  
21 security for or in total or partial satisfaction of a money debt.

22 (10) "Conspicuous," with reference to a term, means so written,  
23 displayed, or presented that, based on the totality of the  
24 circumstances, a reasonable person against which it is to operate  
25 ought to have noticed it. Whether a term is "conspicuous" or not is a  
26 decision for the court. (~~Conspicuous terms include the following:~~

27 ~~(A) A heading in capitals equal to or greater in size than the~~  
28 ~~surrounding text, or in contrasting type, font, or color to the~~  
29 ~~surrounding text of the same or lesser size; and~~

30 ~~(B) Language in the body of a record or display in larger type~~  
31 ~~than the surrounding text, or in contrasting type, font, or color to~~  
32 ~~the surrounding text of the same size, or set off from surrounding~~  
33 ~~text of the same size by symbols or other marks that call attention~~  
34 ~~to the language.))~~

35 (11) "Consumer" means an individual who enters into a transaction  
36 primarily for personal, family, or household purposes.

37 (12) "Contract," as distinguished from "agreement," means the  
38 total legal obligation that results from the parties' agreement as  
39 determined by this title as supplemented by any other applicable  
40 laws.

1 (13) "Creditor" includes a general creditor, a secured creditor,  
2 a lien creditor, and any representative of creditors, including an  
3 assignee for the benefit of creditors, a trustee in bankruptcy, a  
4 receiver in equity, and an executor or administrator of an insolvent  
5 debtor's or assignor's estate.

6 (14) "Defendant" includes a person in the position of defendant  
7 in a counterclaim, cross-claim, or third-party claim.

8 (15) "Delivery," with respect to an electronic document of title,  
9 means voluntary transfer of control and, with respect to an  
10 instrument, a tangible document of title, or an authoritative  
11 tangible copy of a record evidencing chattel paper, means voluntary  
12 transfer of possession.

13 (16) "Document of title" means a record (i) that in the regular  
14 course of business or financing is treated as adequately evidencing  
15 that the person in possession or control of the record is entitled to  
16 receive, control, hold, and dispose of the record and the goods the  
17 record covers and (ii) that purports to be issued by or addressed to  
18 a bailee and to cover goods in the bailee's possession which are  
19 either identified or are fungible portions of an identified mass. The  
20 term includes a bill of lading, transport document, dock warrant,  
21 dock receipt, warehouse receipt, and order for delivery of goods. An  
22 electronic document of title means a document of title evidenced by a  
23 record consisting of information stored in an electronic medium. A  
24 tangible document of title means a document of title evidenced by a  
25 record consisting of information that is inscribed on a tangible  
26 medium.

27 (16A) "Electronic" means relating to technology having  
28 electrical, digital, magnetic, wireless, optical, electromagnetic, or  
29 similar capabilities.

30 (17) "Fault" means a default, breach, or wrongful act or  
31 omission.

32 (18) "Fungible goods" means:

33 (A) Goods of which any unit, by nature or usage of trade, is the  
34 equivalent of any other like unit; or

35 (B) Goods that by agreement are treated as equivalent.

36 (19) "Genuine" means free of forgery or counterfeiting.

37 (20) "Good faith," except as otherwise provided in Article 5 of  
38 this title, means honesty in fact and the observance of reasonable  
39 commercial standards of fair dealing.

40 (21) "Holder" with respect to a negotiable instrument, means:

1 (A) The person in possession of a negotiable instrument that is  
2 payable either to bearer or to an identified person that is the  
3 person in possession;

4 (B) The person in possession of a negotiable tangible document of  
5 title if the goods are deliverable either to bearer or to the order  
6 of the person in possession; or

7 (C) The person in control, other than pursuant to RCW  
8 62A.7-106(g), of a negotiable electronic document of title.

9 (22) "Insolvency proceeding" includes an assignment for the  
10 benefit of creditors or other proceeding intended to liquidate or  
11 rehabilitate the estate of the person involved.

12 (23) "Insolvent" means:

13 (A) Having generally ceased to pay debts in the ordinary course  
14 of business other than as a result of bona fide dispute;

15 (B) Being unable to pay debts as they become due; or

16 (C) Being insolvent within the meaning of federal bankruptcy law.

17 (24) "Money" means a medium of exchange that is currently  
18 authorized or adopted by a domestic or foreign government. The term  
19 includes a monetary unit of account established by an  
20 intergovernmental organization or by agreement between two or more  
21 countries.

22 (25) "Organization" means a person other than an individual.

23 (26) "Party," as distinguished from "third party," means a person  
24 that has engaged in a transaction or made an agreement subject to  
25 this title.

26 (27) "Person" means an individual, corporation, business trust,  
27 estate, trust, partnership, limited liability company, association,  
28 joint venture, government, governmental subdivision, agency, or  
29 instrumentality, (~~(public corporation,~~) or any other legal or  
30 commercial entity. The term includes a protected series, however  
31 denominated, of an entity if the protected series is established  
32 under law other than this title that limits, or limits if conditions  
33 specified under the law are satisfied, the ability of a creditor of  
34 the entity or of any other protected series of the entity to satisfy  
35 a claim from assets of the protected series.

36 (28) "Present value" means the amount as of a date certain of one  
37 or more sums payable in the future, discounted to the date certain by  
38 use of either an interest rate specified by the parties if that rate  
39 is not manifestly unreasonable at the time the transaction is entered  
40 into or, if an interest rate is not so specified, a commercially

1 reasonable rate that takes into account the facts and circumstances  
2 at the time the transaction is entered into.

3 (29) "Purchase" means taking by sale, lease, discount,  
4 negotiation, mortgage, pledge, lien, security interest, issue or  
5 reissue, gift, or any other voluntary transaction creating an  
6 interest in property.

7 (30) "Purchaser" means a person that takes by purchase.

8 (31) "Record" means information that is inscribed on a tangible  
9 medium or that is stored in an electronic or other medium and is  
10 retrievable in perceivable form.

11 (32) "Remedy" means any remedial right to which an aggrieved  
12 party is entitled with or without resort to a tribunal.

13 (33) "Representative" means a person empowered to act for  
14 another, including an agent, an officer of a corporation or  
15 association, and a trustee, executor, or administrator of an estate.

16 (34) "Right" includes remedy.

17 (35) "Security interest" means an interest in personal property  
18 or fixtures which secures payment or performance of an obligation.  
19 "Security interest" includes any interest of a consignor and a buyer  
20 of accounts, chattel paper, a payment intangible, or a promissory  
21 note in a transaction that is subject to Article 9A of this title.  
22 "Security interest" does not include the special property interest of  
23 a buyer of goods on identification of those goods to a contract for  
24 sale under RCW 62A.2-401, but a buyer may also acquire a "security  
25 interest" by complying with Article 9A of this title. Except as  
26 otherwise provided in RCW 62A.2-505, the right of a seller or lessor  
27 of goods under Article 2 or 2A of this title to retain or acquire  
28 possession of the goods is not a "security interest," but a seller or  
29 lessor may also acquire a "security interest" by complying with  
30 Article 9A of this title. The retention or reservation of title by a  
31 seller of goods notwithstanding shipment or delivery to the buyer  
32 under RCW 62A.2-401 is limited in effect to a reservation of a  
33 "security interest." Whether a transaction in the form of a lease  
34 creates a "security interest" is determined pursuant to RCW  
35 62A.1-203.

36 (36) "Send<sub>L</sub>" in connection with a (~~writing~~<sub>T</sub>) record(<sub>T</sub>) or  
37 (~~notice~~) notification, means:

38 (A) To deposit in the mail (~~or~~)<sub>L</sub> deliver for transmission<sub>L</sub> or  
39 transmit by any other usual means of communication<sub>L</sub> with postage or  
40 cost of transmission provided for (~~and properly addressed and~~<sub>T</sub> in

1 ~~the case of an instrument, to an address specified thereon or~~  
2 ~~otherwise agreed, or if there be none)), addressed to any address~~  
3 reasonable under the circumstances; or

4 (B) ~~((In any other way to cause to be received any record or~~  
5 ~~notice within the time it would have arrived if properly sent)) to~~  
6 ~~cause the record or notification to be received within the time it~~  
7 ~~would have been received if properly sent under (36)(A) of this~~  
8 ~~subsection.~~

9 (37) ~~("Signed" includes using any symbol executed or adopted~~  
10 ~~with present intention to adopt or accept a writing.)) "Sign" means,~~  
11 ~~with present intent to authenticate or adopt a record:~~

12 (A) Execute or adopt a tangible symbol; or

13 (B) Attach to or logically associate with the record an  
14 electronic symbol, sound, or process.

15 "Signed," "signing," and "signature" have corresponding meanings.

16 (38) "State" means a State of the United States, the District of  
17 Columbia, Puerto Rico, the United States Virgin Islands, or any  
18 territory or insular possession subject to the jurisdiction of the  
19 United States.

20 (39) "Surety" includes a guarantor or other secondary obligor.

21 (40) "Term" means a portion of an agreement that relates to a  
22 particular matter.

23 (41) "Unauthorized signature" means a signature made without  
24 actual, implied, or apparent authority. The term includes a forgery.

25 (42) "Warehouse receipt" means a document of title issued by a  
26 person engaged in the business of storing goods for hire.

27 (43) "Writing" includes printing, typewriting, or any other  
28 intentional reduction to tangible form. "Written" has a corresponding  
29 meaning.

30 **Sec. 102.** RCW 62A.1-306 and 2012 c 214 s 120 are each amended to  
31 read as follows:

32 A claim or right arising out of an alleged breach may be  
33 discharged in whole or in part without consideration by agreement of  
34 the aggrieved party in ~~((an authenticated))~~ a signed record.

## 35 **PART II**

36 **Sec. 201.** RCW 62A.2-102 and 1965 ex.s. c 157 s 2-102 are each  
37 amended to read as follows:

1       ~~((Unless the context otherwise requires, this Article applies to~~  
2 ~~transactions in goods; it does not apply to any transaction which~~  
3 ~~although in the form of an unconditional contract to sell or present~~  
4 ~~sale is intended to operate only as a security transaction nor does~~  
5 ~~this Article impair or repeal any statute regulating sales to~~  
6 ~~consumers, farmers or other specified classes of buyers.))~~ (1) Unless  
7 the context otherwise requires, and except as provided in subsection  
8 (3) of this section, this Article applies to transactions in goods  
9 and, in the case of a hybrid transaction, it applies to the extent  
10 provided in subsection (2) of this section.

11       (2) In a hybrid transaction:

12       (a) If the sale-of-goods aspects do not predominate, only the  
13 provisions of this Article which relate primarily to the sale-of-  
14 goods aspects of the transaction apply, and the provisions that  
15 relate primarily to the transaction as a whole do not apply.

16       (b) If the sale-of-goods aspects predominate, this Article  
17 applies to the transaction but does not preclude application in  
18 appropriate circumstances of other law to aspects of the transaction  
19 which do not relate to the sale of goods.

20       (3) This Article does not:

21       (a) Apply to a transaction that, even though in the form of an  
22 unconditional contract to sell or present sale, operates only to  
23 create a security interest; or

24       (b) Impair or repeal a statute regulating sales to consumers,  
25 farmers, or other specified classes of buyers.

26       **Sec. 202.** RCW 62A.2-106 and 1965 ex.s. c 157 s 2-106 are each  
27 amended to read as follows:

28       (1) In this Article unless the context otherwise requires  
29 "contract" and "agreement" are limited to those relating to the  
30 present or future sale of goods. "Contract for sale" includes both a  
31 present sale of goods and a contract to sell goods at a future time.  
32 A "sale" consists in the passing of title from the seller to the  
33 buyer for a price (RCW 62A.2-401). A "present sale" means a sale  
34 which is accomplished by the making of the contract.

35       (2) Goods or conduct including any part of a performance are  
36 "conforming" or conform to the contract when they are in accordance  
37 with the obligations under the contract.

38       (3) "Termination" occurs when either party pursuant to a power  
39 created by agreement or law puts an end to the contract otherwise

1 than for its breach. On "termination" all obligations which are still  
2 executory on both sides are discharged but any right based on prior  
3 breach or performance survives.

4 (4) "Cancellation" occurs when either party puts an end to the  
5 contract for breach by the other and its effect is the same as that  
6 of "termination" except that the canceling party also retains any  
7 remedy for breach of the whole contract or any unperformed balance.

8 (5) "Hybrid transaction" means a single transaction involving a  
9 sale of goods and:

10 (a) The provision of services;

11 (b) A lease of other goods; or

12 (c) A sale, lease, or license of property other than goods.

13 **Sec. 203.** RCW 62A.2-201 and 2013 c 23 s 126 are each amended to  
14 read as follows:

15 (1) Except as otherwise provided in this section, a contract for  
16 the sale of goods for the price of (~~five hundred dollars~~) \$500 or  
17 more is not enforceable by way of action or defense unless there is  
18 (~~some writing~~) a record sufficient to indicate that a contract for  
19 sale has been made between the parties and signed by the party  
20 against whom enforcement is sought or by (~~his or her~~) the party's  
21 authorized agent or broker. A (~~writing~~) record is not insufficient  
22 because it omits or incorrectly states a term agreed upon but the  
23 contract is not enforceable under this (~~paragraph~~) subsection  
24 beyond the quantity of goods shown in (~~such writing~~) the record.

25 (2) Between merchants if within a reasonable time a (~~writing~~)  
26 record in confirmation of the contract and sufficient against the  
27 sender is received and the party receiving it has reason to know its  
28 contents, it satisfies the requirements of subsection (1) of this  
29 section against (~~such~~) the party unless (~~written~~) notice in a  
30 record of objection to its contents is given within (~~ten~~) 10 days  
31 after it is received.

32 (3) A contract which does not satisfy the requirements of  
33 subsection (1) of this section but which is valid in other respects  
34 is enforceable:

35 (a) If the goods are to be specially manufactured for the buyer  
36 and are not suitable for sale to others in the ordinary course of the  
37 seller's business and the seller, before notice of repudiation is  
38 received and under circumstances which reasonably indicate that the



1 goods are for the buyer, has made either a substantial beginning of  
2 their manufacture or commitments for their procurement; or

3 (b) If the party against whom enforcement is sought admits in his  
4 or her pleading, testimony, or otherwise in court that a contract for  
5 sale was made, but the contract is not enforceable under this  
6 provision beyond the quantity of goods admitted; or

7 (c) With respect to goods for which payment has been made and  
8 accepted or which have been received and accepted (RCW 62A.2-606).

9 **Sec. 204.** RCW 62A.2-202 and 2012 c 214 s 803 are each amended to  
10 read as follows:

11 Terms with respect to which the confirmatory memoranda of the  
12 parties agree or which are otherwise set forth in a ((writing))  
13 record intended by the parties as a final expression of their  
14 agreement with respect to such terms as are included therein may not  
15 be contradicted by evidence of any prior agreement or of a  
16 contemporaneous oral agreement but may be explained or supplemented:

17 (a) By course of performance, course of dealing, or usage of  
18 trade (RCW 62A.1-303); and

19 (b) By evidence of consistent additional terms unless the court  
20 finds the ((writing)) record to have been intended also as a complete  
21 and exclusive statement of the terms of the agreement.

22 **Sec. 205.** RCW 62A.2-203 and 1965 ex.s. c 157 s 2-203 are each  
23 amended to read as follows:

24 The affixing of a seal to a ((writing)) record evidencing a  
25 contract for sale or an offer to buy or sell goods does not  
26 constitute the ((writing)) record a sealed instrument and the law  
27 with respect to sealed instruments does not apply to such contract or  
28 offer.

29 **Sec. 206.** RCW 62A.2-205 and 1965 ex.s. c 157 s 2-205 are each  
30 amended to read as follows:

31 An offer by a merchant to buy or sell goods in a signed  
32 ((writing)) record which by its terms gives assurance that it will be  
33 held open is not revocable, for lack of consideration, during the  
34 time stated or if no time is stated for a reasonable time, but in no  
35 event may such period of irrevocability exceed three months; but any  
36 such term of assurance on a form supplied by the offeree must be  
37 separately signed by the offeror.

1         **Sec. 207.** RCW 62A.2-209 and 1965 ex.s. c 157 s 2-209 are each  
2 amended to read as follows:

3         (1) An agreement modifying a contract within this Article needs  
4 no consideration to be binding.

5         (2) A signed agreement which excludes modification or rescission  
6 except by a signed writing or other signed record cannot be otherwise  
7 modified or rescinded, but except as between merchants such a  
8 requirement on a form supplied by the merchant must be separately  
9 signed by the other party.

10        (3) The requirements of the statute of frauds section of this  
11 Article (RCW 62A.2-201) must be satisfied if the contract as modified  
12 is within its provisions.

13        (4) Although an attempt at modification or rescission does not  
14 satisfy the requirements of subsection (2) or (3) it can operate as a  
15 waiver.

16        (5) A party who has made a waiver affecting an executory portion  
17 of the contract may retract the waiver by reasonable notification  
18 received by the other party that strict performance will be required  
19 of any term waived, unless the retraction would be unjust in view of  
20 a material change of position in reliance on the waiver.

21                                   **PART III**

22         **Sec. 301.** RCW 62A.2A-102 and 1993 c 230 s 2A-102 are each  
23 amended to read as follows:

24         (1) This Article applies to any transaction, regardless of form,  
25 that creates a lease and, in the case of a hybrid lease, it applies  
26 to the extent provided in subsection (2) of this section.

27         (2) In a hybrid lease:

28         (a) If the lease-of-goods aspects do not predominate:

29         (i) Only the provisions of this Article which relate primarily to  
30 the lease-of-goods aspects of the transaction apply, and the  
31 provisions that relate primarily to the transaction as a whole do not  
32 apply;

33         (ii) RCW 62A.2A-209 applies if the lease is a finance lease; and

34         (iii) RCW 62A.2A-407 applies to the promises of the lessee in a  
35 finance lease to the extent the promises are consideration for the  
36 right to possession and use of the leased goods; and

37         (b) If the lease-of-goods aspects predominate, this Article  
38 applies to the transaction, but does not preclude application in

1 appropriate circumstances of other law to aspects of the lease which  
2 do not relate to the lease of goods.

3 **Sec. 302.** RCW 62A.2A-103 and 2012 c 214 s 902 are each amended  
4 to read as follows:

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

6 (a) "Buyer in ordinary course of business" means a person who in  
7 good faith and without knowledge that the sale to him or her is in  
8 violation of the ownership rights or security interest or leasehold  
9 interest of a third party in the goods buys in ordinary course from a  
10 person in the business of selling goods of that kind but does not  
11 include a pawnbroker. "Buying" may be for cash, or by exchange of  
12 other property, or on secured or unsecured credit, and includes  
13 acquiring goods or documents of title under a preexisting contract  
14 for sale but does not include a transfer in bulk or as security for  
15 or in total or partial satisfaction of a money debt.

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

18 (c) "Commercial unit" means such a unit of goods as by commercial  
19 usage is a single whole for purposes of lease and division of which  
20 materially impairs its character or value on the market or in use. A  
21 commercial unit may be a single article, as a machine, or a set of  
22 articles, as a suite of furniture or a line of machinery, or a  
23 quantity, as a gross or carload, or any other unit treated in use or  
24 in the relevant market as a single whole.

25 (d) "Conforming" goods or performance under a lease contract  
26 means goods or performance that are in accordance with the  
27 obligations under the lease contract.

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

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

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

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

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

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

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

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

7 (C) The lessee, before signing the lease contract, receives an  
8 accurate and complete statement designating the promises and  
9 warranties, and any disclaimers of warranties, limitations or  
10 modifications of remedies, or liquidated damages, including those of  
11 a third party, such as the manufacturer of the goods, provided to the  
12 lessor by the person supplying the goods in connection with or as  
13 part of the contract by which the lessor acquired the goods or the  
14 right to possession and use of the goods.

15 (h) "Goods" means all things that are movable at the time of  
16 identification to the lease contract, or are fixtures (RCW  
17 62A.2A-309), but the term does not include money, documents,  
18 instruments, accounts, chattel paper, general intangibles, or  
19 minerals or the like, including oil and gas, before extraction. The  
20 term also includes the unborn young of animals.

21 (h.1) "Hybrid lease" means a single transaction involving a lease  
22 of goods and:

23 (i) The provision of services;

24 (ii) A sale of other goods; or

25 (iii) A sale, lease, or license of property other than goods.

26 (i) "Installment lease contract" means a lease contract that  
27 authorizes or requires the delivery of goods in separate lots to be  
28 separately accepted, even though the lease contract contains a clause  
29 "each delivery is a separate lease" or its equivalent.

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

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

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

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

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

10 (o) "Lessee in ordinary course of business" means a person who in  
11 good faith and without knowledge that the lease to him or her is in  
12 violation of the ownership rights or security interest or leasehold  
13 interest of a third party in the goods, leases in ordinary course  
14 from a person in the business of selling or leasing goods of that  
15 kind but does not include a pawnbroker. "Leasing" may be for cash, or  
16 by exchange of other property, or on secured or unsecured credit and  
17 includes acquiring goods or documents of title under a preexisting  
18 lease contract but does not include a transfer in bulk or as security  
19 for or in total or partial satisfaction of a money debt.

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

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

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

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

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

34 (u) "Present value" means the amount as of a date certain of one  
35 or more sums payable in the future, discounted to the date certain.  
36 The discount is determined by the interest rate specified by the  
37 parties if the rate was not manifestly unreasonable at the time the  
38 transaction was entered into; otherwise, the discount is determined  
39 by a commercially reasonable rate that takes into account the facts

1 and circumstances of each case at the time the transaction was  
2 entered into.

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

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

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

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

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

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

18	"Accessions."	RCW 62A.2A-310.
19	"Construction	
20	mortgage."	RCW 62A.2A-309.
21	"Encumbrance."	RCW 62A.2A-309.
22	"Fixtures."	RCW 62A.2A-309.
23	"Fixture filing."	RCW 62A.2A-309.
24	"Purchase money	
25	lease."	RCW 62A.2A-309.

26 (3) The following definitions in other articles apply to this  
27 Article:

28	"Account."	RCW 62A.9A-102.
29	"Between merchants."	RCW 62A.2-104.
30	"Buyer."	RCW 62A.2-103.
31	"Chattel paper."	RCW 62A.9A-102.
32	"Consumer goods."	RCW 62A.9A-102.
33	"Document."	RCW 62A.9A-102.
34	"Entrusting."	RCW 62A.2-403.
35	"General intangible."	RCW 62A.9A-102.
36	"Instrument."	RCW 62A.9A-102.
37	"Merchant."	RCW 62A.2-104(1).

1	"Mortgage."	RCW 62A.9A-102.
2	"Pursuant to	
3	commitment."	RCW 62A.9A-102.
4	"Receipt."	RCW 62A.2-103.
5	"Sale."	RCW 62A.2-106.
6	"Sale on approval."	RCW 62A.2-326.
7	"Sale or return."	RCW 62A.2-326.
8	"Seller."	RCW 62A.2-103.

9       (4) In addition, Article 1 of this title contains general  
10 definitions and principles of construction and interpretation  
11 applicable throughout this Article.

12       **Sec. 303.** RCW 62A.2A-107 and 1993 c 230 s 2A-107 are each  
13 amended to read as follows:

14       Any claim or right arising out of an alleged default or breach of  
15 warranty may be discharged in whole or in part without consideration  
16 by a ((written)) waiver or renunciation in a signed ((and)) record  
17 delivered by the aggrieved party.

18       **Sec. 304.** RCW 62A.2A-201 and 1993 c 230 s 2A-201 are each  
19 amended to read as follows:

20       (1) A lease contract is not enforceable by way of action or  
21 defense unless:

22       (a) The total payments to be made under the lease contract,  
23 excluding payments for options to renew or buy, are less than one  
24 thousand dollars; or

25       (b) There is a ((writing)) record, signed by the party against  
26 whom enforcement is sought or by that party's authorized agent,  
27 sufficient to indicate that a lease contract has been made between  
28 the parties and to describe the goods leased and the lease term.

29       (2) Any description of leased goods or of the lease term is  
30 sufficient and satisfies subsection (1)(b) of this section, whether  
31 or not it is specific, if it reasonably identifies what is described.

32       (3) A ((writing)) record is not insufficient because it omits or  
33 incorrectly states a term agreed upon, but the lease contract is not  
34 enforceable under subsection (1)(b) of this section beyond the lease  
35 term and the quantity of goods shown in the ((writing)) record.

1 (4) A lease contract that does not satisfy the requirements of  
2 subsection (1) of this section, but which is valid in other respects,  
3 is enforceable:

4 (a) If the goods are to be specially manufactured or obtained for  
5 the lessee and are not suitable for lease or sale to others in the  
6 ordinary course of the lessor's business, and the lessor, before  
7 notice of repudiation is received and under circumstances that  
8 reasonably indicate that the goods are for the lessee, has made  
9 either a substantial beginning of their manufacture or commitments  
10 for their procurement;

11 (b) If the party against whom enforcement is sought admits in  
12 that party's pleading, testimony, or otherwise in court that a lease  
13 contract was made, but the lease contract is not enforceable under  
14 this provision beyond the quantity of goods admitted; or

15 (c) With respect to goods that have been received and accepted by  
16 the lessee.

17 (5) The lease term under a lease contract referred to in  
18 subsection (4) of this section is:

19 (a) If there is a (~~writing~~) record signed by the party against  
20 whom enforcement is sought or by that party's authorized agent  
21 specifying the lease term, the term so specified;

22 (b) If the party against whom enforcement is sought admits in  
23 that party's pleading, testimony, or otherwise in court a lease term,  
24 the term so admitted; or

25 (c) A reasonable lease term.

26 **Sec. 305.** RCW 62A.2A-202 and 1993 c 230 s 2A-202 are each  
27 amended to read as follows:

28 Terms with respect to which the confirmatory memoranda of the  
29 parties agree or which are otherwise set forth in a (~~writing~~)  
30 record intended by the parties as a final expression of their  
31 agreement with respect to such terms as are included therein may not  
32 be contradicted by evidence of any prior agreement or of a  
33 contemporaneous oral agreement but may be explained or supplemented:

34 (1) By course of dealing or usage of trade or by course of  
35 performance; and

36 (2) By evidence of consistent additional terms unless the court  
37 finds the (~~writing~~) record to have been intended also as a complete  
38 and exclusive statement of the terms of the agreement.



1 **Sec. 306.** RCW 62A.2A-203 and 1993 c 230 s 2A-203 are each  
2 amended to read as follows:

3 The affixing of a seal to a (~~writing~~) record evidencing a lease  
4 contract or an offer to enter into a lease contract does not render  
5 the (~~writing~~) record a sealed instrument and the law with respect  
6 to sealed instruments does not apply to the lease contract or offer.

7 **Sec. 307.** RCW 62A.2A-205 and 1993 c 230 s 2A-205 are each  
8 amended to read as follows:

9 An offer by a merchant to lease goods to or from another person  
10 in a signed (~~writing~~) record that by its terms gives assurance it  
11 will be held open is not revocable, for lack of consideration, during  
12 the time stated or, if no time is stated, for a reasonable time, but  
13 in no event may the period of irrevocability exceed three months. Any  
14 such term of assurance on a form supplied by the offeree must be  
15 separately signed by the offeror.

16 **Sec. 308.** RCW 62A.2A-208 and 1993 c 230 s 2A-208 are each  
17 amended to read as follows:

18 (1) An agreement modifying a lease contract needs no  
19 consideration to be binding.

20 (2) A signed lease agreement that excludes modification or  
21 rescission except by a signed (~~writing~~) record may not be otherwise  
22 modified or rescinded, but, except as between merchants, such a  
23 requirement on a form supplied by a merchant must be separately  
24 signed by the other party.

25 (3) Although an attempt at modification or rescission does not  
26 satisfy the requirements of subsection (2) of this section, it may  
27 operate as a waiver.

28 (4) A party who has made a waiver affecting an executory portion  
29 of a lease contract may retract the waiver by reasonable notification  
30 received by the other party that strict performance will be required  
31 of any term waived, unless the retraction would be unjust in view of  
32 a material change of position in reliance on the waiver.

33 **PART IV**

34 **Sec. 401.** RCW 62A.3-104 and 1993 c 229 s 6 are each amended to  
35 read as follows:

1 (a) Except as provided in subsections (c) and (d), "negotiable  
2 instrument" means an unconditional promise or order to pay a fixed  
3 amount of money, with or without interest or other charges described  
4 in the promise or order, if it:

5 (1) Is payable to bearer or to order at the time it is issued or  
6 first comes into possession of a holder;

7 (2) Is payable on demand or at a definite time; and

8 (3) Does not state any other undertaking or instruction by the  
9 person promising or ordering payment to do any act in addition to the  
10 payment of money, but the promise or order may contain (i) an  
11 undertaking or power to give, maintain, or protect collateral to  
12 secure payment, (ii) an authorization or power to the holder to  
13 confess judgment or realize on or dispose of collateral, ((~~or~~)) (iii)  
14 a waiver of the benefit of any law intended for the advantage or  
15 protection of an obligor, (iv) a term that specifies the law that  
16 governs the promise or order, or (v) an undertaking to resolve in a  
17 specified forum a dispute concerning the promise or order.

18 (b) "Instrument" means a negotiable instrument.

19 (c) An order that meets all of the requirements of subsection  
20 (a), except subsection (a)(1), and otherwise falls within the  
21 definition of "check" in subsection (f) is a negotiable instrument  
22 and a check.

23 (d) A promise or order other than a check is not an instrument  
24 if, at the time it is issued or first comes into possession of a  
25 holder, it contains a conspicuous statement, however expressed, to  
26 the effect that the promise or order is not negotiable or is not an  
27 instrument governed by this Article.

28 (e) An instrument is a "note" if it is a promise and is a "draft"  
29 if it is an order. If an instrument falls within the definition of  
30 both "note" and "draft," a person entitled to enforce the instrument  
31 may treat it as either.

32 (f) "Check" means (i) a draft, other than a documentary draft,  
33 payable on demand and drawn on a bank, or (ii) a cashier's check or  
34 teller's check. An instrument may be a check even though it is  
35 described on its face by another term, such as "money order."

36 (g) "Cashier's check" means a draft with respect to which the  
37 drawer and drawee are the same bank or branches of the same bank.

38 (h) "Teller's check" means a draft drawn by a bank (i) on another  
39 bank, or (ii) payable at or through a bank.

1 (i) "Traveler's check" means an instrument that (i) is payable on  
2 demand, (ii) is drawn on or payable at or through a bank, (iii) is  
3 designated by the term "traveler's check" or by a substantially  
4 similar term, and (iv) requires, as a condition to payment, a  
5 countersignature by a person whose specimen signature appears on the  
6 instrument.

7 (j) "Certificate of deposit" means an instrument containing an  
8 acknowledgment by a bank that a sum of money has been received by the  
9 bank and a promise by the bank to repay the sum of money. A  
10 certificate of deposit is a note of the bank.

11 **Sec. 402.** RCW 62A.3-105 and 1993 c 229 s 7 are each amended to  
12 read as follows:

13 (a) "Issue" means ~~((the))~~:

14 (1) The first delivery of an instrument by the maker or drawer,  
15 whether to a holder or nonholder, for the purpose of giving rights on  
16 the instrument to any person; or

17 (2) If agreed by the payee, the first transmission by the drawer  
18 to the payee of an image of an item and information derived from the  
19 item that enables the depository bank to collect the item by  
20 transferring or presenting under federal law an electronic check.

21 (b) An unissued instrument, or an unissued incomplete instrument  
22 that is completed, is binding on the maker or drawer, but nonissuance  
23 is a defense. An instrument that is conditionally issued or is issued  
24 for a special purpose is binding on the maker or drawer, but failure  
25 of the condition or special purpose to be fulfilled is a defense.

26 (c) "Issuer" applies to issued and unissued instruments and means  
27 a maker or drawer of an instrument.

28 **Sec. 403.** RCW 62A.3-401 and 1993 c 229 s 41 are each amended to  
29 read as follows:

30 ~~((a))~~ A person is not liable on an instrument unless ~~((i))~~  
31 (a) the person signed the instrument, or ~~((ii))~~ (b) the person is  
32 represented by an agent or representative who signed the instrument  
33 and the signature is binding on the represented person under RCW  
34 62A.3-402.

35 ~~((b) A signature may be made (i) manually or by means of a~~  
36 ~~device or machine, and (ii) by the use of any name, including a trade~~  
37 ~~or assumed name, or by a word, mark, or symbol executed or adopted by~~  
38 ~~a person with present intention to authenticate a writing.))~~



1 (4) "Receiving bank" means the bank to which the sender's  
2 instruction is addressed.

3 (5) "Sender" means the person giving the instruction to the  
4 receiving bank.

5 (b) If an instruction complying with subsection (a)(1) of this  
6 section is to make more than one payment to a beneficiary, the  
7 instruction is a separate payment order with respect to each payment.

8 (c) A payment order is issued when it is sent to the receiving  
9 bank.

10 **Sec. 502.** RCW 62A.4A-201 and 1991 sp.s. c 21 s 4A-201 are each  
11 amended to read as follows:

12 "Security procedure" means a procedure established by agreement  
13 of a customer and a receiving bank for the purpose of (1) verifying  
14 that a payment order or communication amending or canceling a payment  
15 order is that of the customer, or (2) detecting error in the  
16 transmission or the content of the payment order or communication. A  
17 security procedure may impose an obligation on the receiving bank or  
18 the customer and may require the use of algorithms or other codes,  
19 identifying words ((~~o~~)), numbers, symbols, sounds, biometrics,  
20 encryption, callback procedures, or similar security devices.  
21 Comparison of a signature on a payment order or communication with an  
22 authorized specimen signature of the customer or requiring a payment  
23 order to be sent from a known email address, IP address, or telephone  
24 number is not by itself a security procedure.

25 **Sec. 503.** RCW 62A.4A-202 and 2013 c 118 s 6 are each amended to  
26 read as follows:

27 (a) A payment order received by the receiving bank is the  
28 authorized order of the person identified as sender if that person  
29 authorized the order or is otherwise bound by it under the law of  
30 agency.

31 (b) If a bank and its customer have agreed that the authenticity  
32 of payment orders issued to the bank in the name of the customer as  
33 sender will be verified pursuant to a security procedure, a payment  
34 order received by the receiving bank is effective as the order of the  
35 customer, whether or not authorized, if (i) the security procedure is  
36 a commercially reasonable method of providing security against  
37 unauthorized payment orders, and (ii) the bank proves that it  
38 accepted the payment order in good faith and in compliance with the

1 bank's obligations under the security procedure and any (~~written~~)  
2 agreement or instruction of the customer, evidenced by a record,  
3 restricting acceptance of payment orders issued in the name of the  
4 customer. The bank is not required to follow an instruction that  
5 violates a (~~written~~) an agreement with the customer, evidenced by a  
6 record, or notice of which is not received at a time and in a manner  
7 affording the bank a reasonable opportunity to act on it before the  
8 payment order is accepted.

9 (c) Commercial reasonableness of a security procedure is a  
10 question of law to be determined by considering the wishes of the  
11 customer expressed to the bank, the circumstances of the customer  
12 known to the bank, including the size, type, and frequency of payment  
13 orders normally issued by the customer to the bank, alternative  
14 security procedures offered to the customer, and security procedures  
15 in general use by customers and receiving banks similarly situated. A  
16 security procedure is deemed to be commercially reasonable if (i) the  
17 security procedure was chosen by the customer after the bank offered,  
18 and the customer refused, a security procedure that was commercially  
19 reasonable for that customer, and (ii) the customer expressly agreed  
20 in (~~writing~~) a record to be bound by any payment order, whether or  
21 not authorized, issued in its name, and accepted by the bank in  
22 compliance with the bank's obligations under the security procedure  
23 chosen by the customer.

24 (d) The term "sender" in this Article includes the customer in  
25 whose name a payment order is issued if the order is the authorized  
26 order of the customer under subsection (a) of this section, or it is  
27 effective as the order of the customer under subsection (b) of this  
28 section.

29 (e) This section applies to amendments and cancellations of  
30 payment orders to the same extent it applies to payment orders.

31 (f) Except as provided in this section and RCW 62A.4A-203(a)(1),  
32 rights and obligations arising under this section or RCW 62A.4A-203  
33 may not be varied by agreement.

34 **Sec. 504.** RCW 62A.4A-203 and 2013 c 118 s 7 are each amended to  
35 read as follows:

36 (a) If an accepted payment order is not, under RCW 62A.4A-202(a),  
37 an authorized order of a customer identified as sender, but is  
38 effective as an order of the customer pursuant to RCW 62A.4A-202(b),  
39 the following rules apply.

1 (1) By express (~~written~~) agreement evidenced by a record, the  
2 receiving bank may limit the extent to which it is entitled to  
3 enforce or retain payment of the payment order.

4 (2) The receiving bank is not entitled to enforce or retain  
5 payment of the payment order if the customer proves that the order  
6 was not caused, directly or indirectly, by a person (i) entrusted at  
7 any time with duties to act for the customer with respect to payment  
8 orders or the security procedure, or (ii) who obtained access to  
9 transmitting facilities of the customer or who obtained, from a  
10 source controlled by the customer and without authority of the  
11 receiving bank, information facilitating breach of the security  
12 procedure, regardless of how the information was obtained or whether  
13 the customer was at fault. Information includes any access device,  
14 computer software, or the like.

15 (b) This section applies to amendments of payment orders to the  
16 same extent it applies to payment orders.

17 **Sec. 505.** RCW 62A.4A-207 and 2013 c 118 s 11 are each amended to  
18 read as follows:

19 (a) Subject to subsection (b) of this section, if, in a payment  
20 order received by the beneficiary's bank, the name, bank account  
21 number, or other identification of the beneficiary refers to a  
22 nonexistent or unidentifiable person or account, no person has rights  
23 as a beneficiary of the order and acceptance of the order cannot  
24 occur.

25 (b) If a payment order received by the beneficiary's bank  
26 identifies the beneficiary both by name and by an identifying or bank  
27 account number and the name and number identify different persons,  
28 the following rules apply:

29 (1) Except as otherwise provided in subsection (c) of this  
30 section, if the beneficiary's bank does not know that the name and  
31 number refer to different persons, it may rely on the number as the  
32 proper identification of the beneficiary of the order. The  
33 beneficiary's bank need not determine whether the name and number  
34 refer to the same person.

35 (2) If the beneficiary's bank pays the person identified by name  
36 or knows that the name and number identify different persons, no  
37 person has rights as beneficiary except the person paid by the  
38 beneficiary's bank if that person was entitled to receive payment

1 from the originator of the funds transfer. If no person has rights as  
2 beneficiary, acceptance of the order cannot occur.

3 (c) If (i) a payment order described in subsection (b) of this  
4 section is accepted, (ii) the originator's payment order described  
5 the beneficiary inconsistently by name and number, and (iii) the  
6 beneficiary's bank pays the person identified by number as permitted  
7 by subsection (b)(1) of this section, the following rules apply:

8 (1) If the originator is a bank, the originator is obliged to pay  
9 its order.

10 (2) If the originator is not a bank and proves that the person  
11 identified by number was not entitled to receive payment from the  
12 originator, the originator is not obliged to pay its order unless the  
13 originator's bank proves that the originator, before acceptance of  
14 the originator's order, had notice that payment of a payment order  
15 issued by the originator might be made by the beneficiary's bank on  
16 the basis of an identifying or bank account number even if it  
17 identifies a person different from the named beneficiary. Proof of  
18 notice may be made by any admissible evidence. The originator's bank  
19 satisfies the burden of proof if it proves that the originator,  
20 before the payment order was accepted, signed a (~~writing~~) record  
21 stating the information to which the notice relates.

22 (d) In a case governed by subsection (b)(1) of this section, if  
23 the beneficiary's bank rightfully pays the person identified by  
24 number and that person was not entitled to receive payment from the  
25 originator, the amount paid may be recovered from that person to the  
26 extent allowed by the law governing mistake and restitution as  
27 follows:

28 (1) If the originator is obliged to pay its payment order as  
29 stated in subsection (c) of this section, the originator has the  
30 right to recover.

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

33 **Sec. 506.** RCW 62A.4A-208 and 2013 c 118 s 12 are each amended to  
34 read as follows:

35 (a) This subsection applies to a payment order identifying an  
36 intermediary bank or the beneficiary's bank only by an identifying  
37 number.



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

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

8 (b) This subsection applies to a payment order identifying an  
9 intermediary bank or the beneficiary's bank both by name and an  
10 identifying number if the name and number identify different persons.

11 (1) If the sender is a bank, the receiving bank may rely on the  
12 number as the proper identification of the intermediary or  
13 beneficiary's bank if the receiving bank, when it executes the  
14 sender's order, does not know that the name and number identify  
15 different persons. The receiving bank need not determine whether the  
16 name and number refer to the same person or whether the number refers  
17 to a bank. The sender is obliged to compensate the receiving bank for  
18 any loss and expenses incurred by the receiving bank as a result of  
19 its reliance on the number in executing or attempting to execute the  
20 order.

21 (2) If the sender is not a bank and the receiving bank proves  
22 that the sender, before the payment order was accepted, had notice  
23 that the receiving bank might rely on the number as the proper  
24 identification of the intermediary or beneficiary's bank even if it  
25 identifies a person different from the bank identified by name, the  
26 rights and obligations of the sender and the receiving bank are  
27 governed by subsection (b)(1) of this section, as though the sender  
28 were a bank. Proof of notice may be made by any admissible evidence.  
29 The receiving bank satisfies the burden of proof if it proves that  
30 the sender, before the payment order was accepted, signed a  
31 (~~writing~~) record stating the information to which the notice  
32 relates.

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

39 (4) If the receiving bank knows that the name and number identify  
40 different persons, reliance on either the name or the number in

1 executing the sender's payment order is a breach of the obligation  
2 stated in RCW 62A.4A-302(a) (1).

3 **Sec. 507.** RCW 62A.4A-210 and 2013 c 118 s 14 are each amended to  
4 read as follows:

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

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

33 (c) If a receiving bank suspends payments, all unaccepted payment  
34 orders issued to it are deemed rejected at the time the bank suspends  
35 payments.

36 (d) Acceptance of a payment order precludes a later rejection of  
37 the order. Rejection of a payment order precludes a later acceptance  
38 of the order.

1       **Sec. 508.** RCW 62A.4A-211 and 2013 c 118 s 15 are each amended to  
2 read as follows:

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

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

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

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

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

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

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

7 (f) Unless otherwise provided in an agreement of the parties or  
8 in a funds-transfer system rule, if the receiving bank, after  
9 accepting a payment order, agrees to cancellation or amendment of the  
10 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 (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  
20 of the order.

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

23 **Sec. 509.** RCW 62A.4A-305 and 2013 c 118 s 21 are each amended to  
24 read as follows:

25 (a) If a funds transfer is completed but execution of a payment  
26 order by the receiving bank in breach of RCW 62A.4A-302 results in  
27 delay in payment to the beneficiary, the bank is obliged to pay  
28 interest to either the originator or the beneficiary of the funds  
29 transfer for the period of delay caused by the improper execution.  
30 Except as provided in subsection (c) of this section, additional  
31 damages are not recoverable.

32 (b) If execution of a payment order by a receiving bank in breach  
33 of RCW 62A.4A-302 results in (i) noncompletion of the funds transfer,  
34 (ii) failure to use an intermediary bank designated by the  
35 originator, or (iii) issuance of a payment order that does not comply  
36 with the terms of the payment order of the originator, the bank is  
37 liable to the originator for its expenses in the funds transfer and  
38 for incidental expenses and interest losses, to the extent not  
39 covered by subsection (a) of this section, resulting from the

1 improper execution. Except as provided in subsection (c) of this  
2 section, additional damages are not recoverable.

3 (c) In addition to the amounts payable under subsections (a) and  
4 (b) of this section, damages, including consequential damages, are  
5 recoverable to the extent provided in an express ~~((written))~~  
6 agreement of the receiving bank, evidenced by a record.

7 (d) If a receiving bank fails to execute a payment order it was  
8 obliged by express agreement to execute, the receiving bank is liable  
9 to the sender for its expenses in the transaction and for incidental  
10 expenses and interest losses resulting from the failure to execute.  
11 Additional damages, including consequential damages, are recoverable  
12 to the extent provided in an express ~~((written))~~ agreement of the  
13 receiving bank, evidenced by a record, but are not otherwise  
14 recoverable.

15 (e) Reasonable attorneys' fees are recoverable if demand for  
16 compensation under subsection (a) or (b) of this section is made and  
17 refused before an action is brought on the claim. If a claim is made  
18 for breach of an agreement under subsection (d) of this section and  
19 the agreement does not provide for damages, reasonable attorneys'  
20 fees are recoverable if demand for compensation under subsection (d)  
21 of this section is made and refused before an action is brought on  
22 the claim.

23 (f) Except as stated in this section, the liability of a  
24 receiving bank under subsections (a) and (b) of this section may not  
25 be varied by agreement.

26 **PART VI**

27 **Sec. 601.** RCW 62A.5-104 and 2012 c 214 s 1702 are each amended  
28 to read as follows:

29 A letter of credit, confirmation, advice, transfer, amendment, or  
30 cancellation may be issued in any form that is a signed record ~~((and  
31 is authenticated (i) by a signature or (ii) in accordance with the  
32 agreement of the parties or the standard practice referred to in RCW  
33 62A.5-108(e)))~~.

34 **Sec. 602.** RCW 62A.5-116 and 2012 c 214 s 1712 are each amended  
35 to read as follows:

36 (a) The liability of an issuer, nominated person, or adviser for  
37 action or omission is governed by the law of the jurisdiction chosen

1 by an agreement in the form of a record signed (~~or otherwise~~  
2 authenticated) by the affected parties (~~in the manner provided in~~  
3 RCW ~~62A.5-104~~) or by a provision in the person's letter of credit,  
4 confirmation, or other undertaking. The jurisdiction whose law is  
5 chosen need not bear any relation to the transaction.

6 (b) Unless subsection (a) of this section applies, the liability  
7 of an issuer, nominated person, or adviser for action or omission is  
8 governed by the law of the jurisdiction in which the person is  
9 located. The person is considered to be located at the address  
10 indicated in the person's undertaking. If more than one address is  
11 indicated, the person is considered to be located at the address from  
12 which the person's undertaking was issued.

13 (c) For the purpose of jurisdiction, choice of law, and  
14 recognition of interbranch letters of credit, but not enforcement of  
15 a judgment, all branches of a bank are considered separate juridical  
16 entities and a bank is considered to be located at the place where  
17 its relevant branch is considered to be located under this  
18 subsection.

19 ~~((e))~~ (d) A branch of a bank is considered to be located at the  
20 address indicated in the branch's undertaking. If more than one  
21 address is indicated, the branch is considered to be located at the  
22 address from which the undertaking was issued.

23 (e) Except as otherwise provided in this subsection, the  
24 liability of an issuer, nominated person, or adviser is governed by  
25 any rules of custom or practice, such as the Uniform Customs and  
26 Practice for Documentary Credits, to which the letter of credit,  
27 confirmation, or other undertaking is expressly made subject. If (i)  
28 this Article would govern the liability of an issuer, nominated  
29 person, or adviser under subsection (a) or (b) of this section, (ii)  
30 the relevant undertaking incorporates rules of custom or practice,  
31 and (iii) there is conflict between this Article and those rules as  
32 applied to that undertaking, those rules govern except to the extent  
33 of any conflict with the nonvariable provisions specified in RCW  
34 62A.5-103(c).

35 ~~((d))~~ (f) If there is conflict between this Article and Article  
36 3, 4, 4A, or 9A, this Article governs.

37 ~~((e))~~ (g) The forum for settling disputes arising out of an  
38 undertaking within this Article may be chosen in the manner and with  
39 the binding effect that governing law may be chosen in accordance  
40 with subsection (a) of this section.

PART VII

1  
2       **Sec. 701.** RCW 62A.7-102 and 2012 c 214 s 202 are each amended to  
3 read as follows:

4       (a) In this Article, unless the context otherwise requires:

5       (1) "Bailee" means a person that by a warehouse receipt, bill of  
6 lading, or other document of title acknowledges possession of goods  
7 and contracts to deliver them.

8       (2) "Carrier" means a person that issues a bill of lading.

9       (3) "Consignee" means a person named in a bill of lading to which  
10 or to whose order the bill promises delivery.

11       (4) "Consignor" means a person named in a bill of lading as the  
12 person from which the goods have been received for shipment.

13       (5) "Delivery order" means a record that contains an order to  
14 deliver goods directed to a warehouse, carrier, or other person that  
15 in the ordinary course of business issues warehouse receipts or bills  
16 of lading.

17       (6) [Reserved.]

18       (7) "Goods" means all things that are treated as movable for the  
19 purposes of a contract for storage or transportation.

20       (8) "Issuer" means a bailee that issues a document of title or,  
21 in the case of an unaccepted delivery order, the person that orders  
22 the possessor of goods to deliver. The term includes a person for  
23 which an agent or employee purports to act in issuing a document if  
24 the agent or employee has real or apparent authority to issue  
25 documents, even if the issuer did not receive any goods, the goods  
26 were misdescribed, or in any other respect the agent or employee  
27 violated the issuer's instructions.

28       (9) "Person entitled under the document" means the holder, in the  
29 case of a negotiable document of title, or the person to which  
30 delivery of the goods is to be made by the terms of, or pursuant to  
31 instructions in a record under, a nonnegotiable document of title.

32       (10) [Reserved.]

33       (11) (~~("Sign" means, with present intent to authenticate or adopt~~  
34 ~~a record:~~

35       ~~(A) To execute or adopt a tangible symbol; or~~

36       ~~(B) To attach to or logically associate with the record an~~  
37 ~~electronic sound, symbol, or process.)) [Reserved.]~~

38       (12) "Shipper" means a person that enters into a contract of  
39 transportation with a carrier.

1 (13) "Warehouse" means a person engaged in the business of  
2 storing goods for hire.

3 (b) Definitions in other articles applying to this Article and  
4 the sections in which they appear are:

5 (1) "Contract for sale", RCW 62A.2-106;

6 (2) "Lessee in ordinary course of business," RCW 62A.2A-103; and

7 (3) "Receipt" of goods, RCW 62A.2-103.

8 (c) In addition, Article 1 contains general definitions and  
9 principles of construction and interpretation applicable throughout  
10 this Article.

11 **Sec. 702.** RCW 62A.7-106 and 2012 c 214 s 206 are each amended to  
12 read as follows:

13 (a) A person has control of an electronic document of title if a  
14 system employed for evidencing the transfer of interests in the  
15 electronic document reliably establishes that person as the person to  
16 which the electronic document was issued or transferred.

17 (b) A system satisfies subsection (a) of this section, and a  
18 person (~~is deemed to have~~) has control of an electronic document of  
19 title, if the document is created, stored, and (~~assigned~~)  
20 transferred in (~~such~~) a manner that:

21 (1) A single authoritative copy of the document exists which is  
22 unique, identifiable, and, except as otherwise provided in (4), (5),  
23 and (6) of this subsection, unalterable;

24 (2) The authoritative copy identifies the person asserting  
25 control as:

26 (A) The person to which the document was issued; or

27 (B) If the authoritative copy indicates that the document has  
28 been transferred, the person to which the document was most recently  
29 transferred;

30 (3) The authoritative copy is communicated to and maintained by  
31 the person asserting control or its designated custodian;

32 (4) Copies or amendments that add or change an identified  
33 (~~assignee~~) transferee of the authoritative copy can be made only  
34 with the consent of the person asserting control;

35 (5) Each copy of the authoritative copy and any copy of a copy is  
36 readily identifiable as a copy that is not the authoritative copy;  
37 and

38 (6) Any amendment of the authoritative copy is readily  
39 identifiable as authorized or unauthorized.



1 (c) A system satisfies subsection (a) of this section, and a  
2 person has control of an electronic document of title, if an  
3 authoritative electronic copy of the document, a record attached to  
4 or logically associated with the electronic copy, or a system in  
5 which the electronic copy is recorded:

6 (1) Enables the person readily to identify each electronic copy  
7 as either an authoritative copy or a nonauthoritative copy;

8 (2) Enables the person readily to identify itself in any way,  
9 including by name, identifying number, cryptographic key, office, or  
10 account number, as the person to which each authoritative electronic  
11 copy was issued or transferred; and

12 (3) Gives the person exclusive power, subject to subsection (d)  
13 of this section, to:

14 (A) Prevent others from adding or changing the person to which  
15 each authoritative electronic copy has been issued or transferred;  
16 and

17 (B) Transfer control of each authoritative electronic copy.

18 (d) Subject to subsection (e) of this section, a power is  
19 exclusive under subsection (c) (3) (A) and (B) of this section even if:

20 (1) The authoritative electronic copy, a record attached to or  
21 logically associated with the authoritative electronic copy, or a  
22 system in which the authoritative electronic copy is recorded limits  
23 the use of the document of title or has a protocol that is programmed  
24 to cause a change, including a transfer or loss of control; or

25 (2) The power is shared with another person.

26 (e) A power of a person is not shared with another person under  
27 subsection (d) (2) of this section and the person's power is not  
28 exclusive if:

29 (1) The person can exercise the power only if the power also is  
30 exercised by the other person; and

31 (2) The other person:

32 (A) Can exercise the power without exercise of the power by the  
33 person; or

34 (B) Is the transferor to the person of an interest in the  
35 document of title.

36 (f) If a person has the powers specified in subsection (c) (3) (A)  
37 and (B) of this section, the powers are presumed to be exclusive.

38 (g) A person has control of an electronic document of title if  
39 another person, other than the transferor to the person of an  
40 interest in the document:

1 (1) Has control of the document and acknowledges that it has  
2 control on behalf of the person; or

3 (2) Obtains control of the document after having acknowledged  
4 that it will obtain control of the document on behalf of the person.

5 (h) A person that has control under this section is not required  
6 to acknowledge that it has control on behalf of another person.

7 (i) If a person acknowledges that it has or will obtain control  
8 on behalf of another person, unless the person otherwise agrees or  
9 law other than this Article or Article 9 of this title otherwise  
10 provides, the person does not owe any duty to the other person and is  
11 not required to confirm the acknowledgment to any other person.

12 **PART VIII**

13 **Sec. 801.** RCW 62A.8-102 and 2012 c 214 s 1401 are each amended  
14 to read as follows:

15 (1) In this Article:

16 (a) "Adverse claim" means a claim that a claimant has a property  
17 interest in a financial asset and that it is a violation of the  
18 rights of the claimant for another person to hold, transfer, or deal  
19 with the financial asset.

20 (b) "Bearer form," as applied to a certificated security, means a  
21 form in which the security is payable to the bearer of the security  
22 certificate according to its terms but not by reason of an  
23 indorsement.

24 (c) "Broker" means a person defined as a broker or dealer under  
25 the federal securities laws, but without excluding a bank acting in  
26 that capacity.

27 (d) "Certificated security" means a security that is represented  
28 by a certificate.

29 (e) "Clearing corporation" means:

30 (i) A person that is registered as a "clearing agency" under the  
31 federal securities laws;

32 (ii) A federal reserve bank; or

33 (iii) Any other person that provides clearance or settlement  
34 services with respect to financial assets that would require it to  
35 register as a clearing agency under the federal securities laws but  
36 for an exclusion or exemption from the registration requirement, if  
37 its activities as a clearing corporation, including adoption of

1 rules, are subject to regulation by a federal or state governmental  
2 authority.

3 (f) "Communicate" means to:

4 (i) Send a signed (~~writing~~) record; or

5 (ii) Transmit information by any mechanism agreed upon by the  
6 persons transmitting and receiving the information.

7 (g) "Entitlement holder" means a person identified in the records  
8 of a securities intermediary as the person having a security  
9 entitlement against the securities intermediary. If a person acquires  
10 a security entitlement by virtue of RCW 62A.8-501(2) (b) or (c), that  
11 person is the entitlement holder.

12 (h) "Entitlement order" means a notification communicated to a  
13 securities intermediary directing transfer or redemption of a  
14 financial asset to which the entitlement holder has a security  
15 entitlement.

16 (i) "Financial asset," except as otherwise provided in RCW  
17 62A.8-103, means:

18 (i) A security;

19 (ii) An obligation of a person or a share, participation, or  
20 other interest in a person or in property or an enterprise of a  
21 person, which is, or is of a type, dealt in or traded on financial  
22 markets, or which is recognized in any area in which it is issued or  
23 dealt in as a medium for investment; or

24 (iii) Any property that is held by a securities intermediary for  
25 another person in a securities account if the securities intermediary  
26 has expressly agreed with the other person that the property is to be  
27 treated as a financial asset under this Article.

28 As context requires, the term means either the interest itself or the  
29 means by which a person's claim to it is evidenced, including a  
30 certificated or uncertificated security, a security certificate, or a  
31 security entitlement.

32 (j) [Reserved.]

33 (k) "Indorsement" means a signature that alone or accompanied by  
34 other words is made on a security certificate in registered form or  
35 on a separate document for the purpose of assigning, transferring, or  
36 redeeming the security or granting a power to assign, transfer, or  
37 redeem it.

38 (l) "Instruction" means a notification communicated to the issuer  
39 of an uncertificated security which directs that the transfer of the  
40 security be registered or that the security be redeemed.

1 (m) "Registered form," as applied to a certificated security,  
2 means a form in which:

3 (i) The security certificate specifies a person entitled to the  
4 security; and

5 (ii) A transfer of the security may be registered upon books  
6 maintained for that purpose by or on behalf of the issuer, or the  
7 security certificate so states.

8 (n) "Securities intermediary" means:

9 (i) A clearing corporation; or

10 (ii) A person, including a bank or broker, that in the ordinary  
11 course of its business maintains securities accounts for others and  
12 is acting in that capacity.

13 (o) "Security," except as otherwise provided in RCW 62A.8-103,  
14 means an obligation of an issuer or a share, participation, or other  
15 interest in an issuer or in property or an enterprise of an issuer:

16 (i) Which is represented by a security certificate in bearer or  
17 registered form, or the transfer of which may be registered upon  
18 books maintained for that purpose by or on behalf of the issuer;

19 (ii) Which is one of a class or series or by its terms is  
20 divisible into a class or series of shares, participations,  
21 interests, or obligations; and

22 (iii) Which:

23 (A) Is, or is of a type, dealt in or traded on securities  
24 exchanges or securities markets; or

25 (B) Is a medium for investment and by its terms expressly  
26 provides that it is a security governed by this Article.

27 (p) "Security certificate" means a certificate representing a  
28 security.

29 (q) "Security entitlement" means the rights and property interest  
30 of an entitlement holder with respect to a financial asset specified  
31 in Part 5 of this Article.

32 (r) "Uncertificated security" means a security that is not  
33 represented by a certificate.

34 (2) (~~Other~~) The following definitions (~~applying to~~) in this  
35 Article and (~~the sections in which they appear are~~) other articles  
36 apply to this Article:

37	Appropriate person	RCW 62A.8-107
38	Control	RCW 62A.8-106
39	Delivery	RCW 62A.8-301

1	Investment company	RCW 62A.8-103
2	security	
3	Issuer	RCW 62A.8-201
4	Overissue	RCW 62A.8-210
5	Protected purchaser	RCW 62A.8-303
6	Securities account	RCW 62A.8-501

7 (3) In addition Article 1 contains general definitions and  
8 principles of construction and interpretation applicable throughout  
9 this Article.

10 (4) The characterization of a person, business, or transaction  
11 for purposes of this Article does not determine the characterization  
12 of the person, business, or transaction for purposes of any other  
13 law, regulation, or rule.

14 **Sec. 802.** RCW 62A.8-106 and 2000 c 250 s 9A-816 are each amended  
15 to read as follows:

16 (1) A purchaser has "control" of a certificated security in  
17 bearer form if the certificated security is delivered to the  
18 purchaser.

19 (2) A purchaser has "control" of a certificated security in  
20 registered form if the certificated security is delivered to the  
21 purchaser, and:

22 (a) The certificate is indorsed to the purchaser or in blank by  
23 an effective indorsement; or

24 (b) The certificate is registered in the name of the purchaser,  
25 upon original issue or registration of transfer by the issuer.

26 (3) A purchaser has "control" of an uncertificated security if:

27 (a) The uncertificated security is delivered to the purchaser; or

28 (b) The issuer has agreed that it will comply with instructions  
29 originated by the purchaser without further consent by the registered  
30 owner.

31 (4) A purchaser has "control" of a security entitlement if:

32 (a) The purchaser becomes the entitlement holder;

33 (b) The securities intermediary has agreed that it will comply  
34 with entitlement orders originated by the purchaser without further  
35 consent by the entitlement holder; or

36 (c) Another person (~~has control of the security entitlement on~~  
37 ~~behalf of the purchaser or, having previously acquired control of the~~

1 ~~security entitlement, acknowledges that it has control on behalf of~~  
2 ~~the purchaser)), other than the transferor to the purchaser of an~~  
3 ~~interest in the security entitlement:~~

4 (i) Has control of the security entitlement and acknowledges that  
5 it has control on behalf of the purchaser; or

6 (ii) Obtains control of the security entitlement after having  
7 acknowledged that it will obtain control of the security entitlement  
8 on behalf of the purchaser.

9 (5) If an interest in a security entitlement is granted by the  
10 entitlement holder to the entitlement holder's own securities  
11 intermediary, the securities intermediary has control.

12 (6) A purchaser who has satisfied the requirements of subsection  
13 (3) or (4) of this section has control even if the registered owner  
14 in the case of subsection (3) of this section or the entitlement  
15 holder in the case of subsection (4) of this section retains the  
16 right to make substitutions for the uncertificated security or  
17 security entitlement, to originate instructions or entitlement orders  
18 to the issuer or securities intermediary, or otherwise to deal with  
19 the uncertificated security or security entitlement.

20 (7) An issuer or a securities intermediary may not enter into an  
21 agreement of the kind described in subsection (3)(b) or (4)(b) of  
22 this section without the consent of the registered owner or  
23 entitlement holder, but an issuer or a securities intermediary is not  
24 required to enter into such an agreement even though the registered  
25 owner or entitlement holder so directs. An issuer or securities  
26 intermediary that has entered into such an agreement is not required  
27 to confirm the existence of the agreement to another party unless  
28 requested to do so by the registered owner or entitlement holder.

29 (8) A person that has control under this section is not required  
30 to acknowledge that it has control on behalf of a purchaser.

31 (9) If a person acknowledges that it has or will obtain control  
32 on behalf of a purchaser, unless the person otherwise agrees or law  
33 other than this Article or Article 9A of this title otherwise  
34 provides, the person does not owe any duty to the purchaser and is  
35 not required to confirm the acknowledgment to any other person.

36 **Sec. 803.** RCW 62A.8-110 and 2001 c 32 s 14 are each amended to  
37 read as follows:

38 (1) The local law of the issuer's jurisdiction, as specified in  
39 subsection (4) of this section, governs:

- 1 (a) The validity of a security;
- 2 (b) The rights and duties of the issuer with respect to  
3 registration of transfer;
- 4 (c) The effectiveness of registration of transfer by the issuer;
- 5 (d) Whether the issuer owes any duties to an adverse claimant to  
6 a security; and
- 7 (e) Whether an adverse claim can be asserted against a person to  
8 whom transfer of a certificated or uncertificated security is  
9 registered or a person who obtains control of an uncertificated  
10 security.
- 11 (2) The local law of the securities intermediary's jurisdiction,  
12 as specified in subsection (5) of this section, governs:
- 13 (a) Acquisition of a security entitlement from the securities  
14 intermediary;
- 15 (b) The rights and duties of the securities intermediary and  
16 entitlement holder arising out of a security entitlement;
- 17 (c) Whether the securities intermediary owes any duties to an  
18 adverse claimant to a security entitlement; and
- 19 (d) Whether an adverse claim can be asserted against a person who  
20 acquires a security entitlement from the securities intermediary or a  
21 person who purchases a security entitlement or interest therein from  
22 an entitlement holder.
- 23 (3) The local law of the jurisdiction in which a security  
24 certificate is located at the time of delivery governs whether an  
25 adverse claim can be asserted against a person to whom the security  
26 certificate is delivered.
- 27 (4) "Issuer's jurisdiction" means the jurisdiction under which  
28 the issuer of the security is organized or, if permitted by the law  
29 of that jurisdiction, the law of another jurisdiction specified by  
30 the issuer. An issuer organized under the law of this state may  
31 specify the law of another jurisdiction as the law governing the  
32 matters specified in subsection (1)(b) through (e) of this section.
- 33 (5) The following rules determine a "securities intermediary's  
34 jurisdiction" for purposes of this section:
- 35 (a) If an agreement between the securities intermediary and its  
36 entitlement holder governing the securities account expressly  
37 provides that a particular jurisdiction is the securities  
38 intermediary's jurisdiction for purposes of this part, this Article,  
39 or Article 62A.9A RCW, that jurisdiction is the securities  
40 intermediary's jurisdiction.

1 (b) If (a) of this subsection does not apply and an agreement  
2 between the securities intermediary and its entitlement holder  
3 governing the securities account expressly provides that the  
4 agreement is governed by the law of a particular jurisdiction, that  
5 jurisdiction is the securities intermediary's jurisdiction.

6 (c) If neither (a) nor (b) of this subsection applies, and an  
7 agreement between the securities intermediary and its entitlement  
8 holder governing the securities account expressly provides that the  
9 securities account is maintained at an office in a particular  
10 jurisdiction, that jurisdiction is the securities intermediary's  
11 jurisdiction.

12 (d) If (a), (b), and (c) of this subsection do not apply, the  
13 securities intermediary's jurisdiction is the jurisdiction in which  
14 the office identified in an account statement as the office serving  
15 the entitlement holder's account is located.

16 (e) If (a), (b), (c), and (d) of this subsection do not apply,  
17 the securities intermediary's jurisdiction is the jurisdiction in  
18 which the chief executive office of the securities intermediary is  
19 located.

20 (6) A securities intermediary's jurisdiction is not determined by  
21 the physical location of certificates representing financial assets,  
22 or by the jurisdiction in which is organized the issuer of the  
23 financial asset with respect to which an entitlement holder has a  
24 security entitlement, or by the location of facilities for data  
25 processing or other recordkeeping concerning the account.

26 (7) The local law of the issuer's jurisdiction or the securities  
27 intermediary's jurisdiction governs a matter or transaction specified  
28 in subsection (1) or (2) of this section even if the matter or  
29 transaction does not bear any relation to the jurisdiction.

30 **Sec. 804.** RCW 62A.8-303 and 1995 c 48 s 29 are each amended to  
31 read as follows:

32 (1) "Protected purchaser" means a purchaser of a certificated or  
33 uncertificated security, or of an interest therein, who:

34 (a) Gives value;

35 (b) Does not have notice of any adverse claim to the security;  
36 and

37 (c) Obtains control of the certificated or uncertificated  
38 security.



1 (2) (~~In addition to acquiring the rights of a purchaser, a~~) A  
2 protected purchaser also acquires its interest in the security free  
3 of any adverse claim.

4 **PART IX**

5 **Sec. 901.** RCW 62A.9A-102 and 2012 c 214 s 1502 are each amended  
6 to read as follows:

7 (a) **Article 9A definitions.** In this Article:

8 (1) "Accession" means goods that are physically united with other  
9 goods in such a manner that the identity of the original goods is not  
10 lost.

11 (2) (A) "Account," except as used in "account for," "account  
12 statement," "account to," "commodity account" in (14) of this  
13 subsection, "customer's account," "deposit account" in (29) of this  
14 subsection, "on account of," and "statement of account," means a  
15 right to payment of a monetary obligation, whether or not earned by  
16 performance, (i) for property that has been or is to be sold, leased,  
17 licensed, assigned, or otherwise disposed of, (ii) for services  
18 rendered or to be rendered, (iii) for a policy of insurance issued or  
19 to be issued, (iv) for a secondary obligation incurred or to be  
20 incurred, (v) for energy provided or to be provided, (vi) for the use  
21 or hire of a vessel under a charter or other contract, (vii) arising  
22 out of the use of a credit or charge card or information contained on  
23 or for use with the card, or (viii) as winnings in a lottery or other  
24 game of chance operated or sponsored by a state, governmental unit of  
25 a state, or person licensed or authorized to operate the game by a  
26 state or governmental unit of a state. The term includes health-care-  
27 insurance receivables.

28 (B) The term does not include (i) (~~rights to payment evidenced~~  
29 ~~by chattel paper or an instrument~~) chattel paper, (ii) commercial  
30 tort claims, (iii) deposit accounts, (iv) investment property, (v)  
31 letter-of-credit rights or letters of credit, (~~or~~) (vi) rights to  
32 payment for money or funds advanced or sold, other than rights  
33 arising out of the use of a credit or charge card or information  
34 contained on or for use with the card, or (vii) rights to payment  
35 evidenced by an instrument.

36 (3) "Account debtor" means a person obligated on an account,  
37 chattel paper, or general intangible. The term does not include  
38 persons obligated to pay a negotiable instrument, even if the

1 negotiable instrument (~~(constitutes part of)~~) evidences chattel  
2 paper.

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

5 (A) (~~(Authenticated)~~) Signed by a secured party;

6 (B) Indicating the aggregate unpaid secured obligations as of a  
7 date not more than (~~(thirty-five)~~) 35 days earlier or (~~(thirty-five)~~)  
8 35 days later than the date of the record; and

9 (C) Identifying the components of the obligations in reasonable  
10 detail.

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

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

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

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

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

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

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

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

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

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

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

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

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

35 (7) (~~("Authenticate" means:~~

36 ~~(A) To sign; or~~

37 ~~(B) With present intent to adopt or accept a record, to attach to~~  
38 ~~or logically associate with the record an electronic sound, symbol,~~  
39 ~~or process.))~~ [Reserved.]

1       (7A) "Assignee," except as used in "assignee for benefit of  
2 creditors," means a person (i) in whose favor a security interest  
3 that secures an obligation is created or provided for under a  
4 security agreement, whether or not the obligation is outstanding or  
5 (ii) to which an account, chattel paper, payment intangible, or  
6 promissory note has been sold. The term includes a person to which a  
7 security interest has been transferred by a secured party.

8       (7B) "Assignor" means a person that (i) under a security  
9 agreement creates or provides for a security interest that secures an  
10 obligation or (ii) sells an account, chattel paper, payment  
11 intangible, or promissory note. The term includes a secured party  
12 that has transferred a security interest to another person.

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

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

18       (10) "Certificate of title" means a certificate of title with  
19 respect to which a statute provides for the security interest in  
20 question to be indicated on the certificate as a condition or result  
21 of the security interest's obtaining priority over the rights of a  
22 lien creditor with respect to the collateral. The term includes  
23 another record maintained as an alternative to a certificate of title  
24 by the governmental unit that issues certificates of title if a  
25 statute permits the security interest in question to be indicated on  
26 the record as a condition or result of the security interest's  
27 obtaining priority over the rights of a lien creditor with respect to  
28 the collateral.

29       (11) "Chattel paper" means ~~((a record or records that evidence~~  
30 ~~both a monetary obligation and a security interest in specific goods,~~  
31 ~~a security interest in specific goods and software used in the goods,~~  
32 ~~a security interest in specific goods and license of software used in~~  
33 ~~the goods, a lease of specific goods, or a lease of specific goods~~  
34 ~~and license of software used in the goods. In this subsection,~~  
35 ~~"monetary obligation" means a monetary obligation secured by the~~  
36 ~~goods or owed under a lease of the goods and includes a monetary~~  
37 ~~obligation with respect to software used in the goods. The term~~  
38 ~~"chattel paper" does not include (i) charters or other contracts~~  
39 ~~involving the use or hire of a vessel or (ii) records that evidence a~~  
40 ~~right to payment arising out of the use of a credit or charge card or~~

1 ~~information contained on or for use with the card. If a transaction~~  
2 ~~is evidenced by records that include an instrument or series of~~  
3 ~~instruments, the group of records taken together constitutes chattel~~  
4 ~~paper)):~~

5 (A) A right to payment of a monetary obligation secured by  
6 specific goods, if the right to payment and security agreement are  
7 evidenced by a record; or

8 (B) A right to payment of a monetary obligation owed by a lessee  
9 under a lease agreement with respect to specific goods and a monetary  
10 obligation owed by the lessee in connection with the transaction  
11 giving rise to the lease, if:

12 (i) The right to payment and lease agreement are evidenced by a  
13 record; and

14 (ii) The predominant purpose of the transaction giving rise to  
15 the lease was to give the lessee the right to possession and use of  
16 the goods.

17 The term does not include a right to payment arising out of a  
18 charter or other contract involving the use or hire of a vessel or a  
19 right to payment arising out of the use of a credit or charge card or  
20 information contained on or for use with the card.

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

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

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

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

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

29 (A) The claimant is an organization; or

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

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

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

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

38 (15) "Commodity contract" means a commodity futures contract, an  
39 option on a commodity futures contract, a commodity option, or  
40 another contract if the contract or option is:

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

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

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

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

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

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

15 (18) "Communicate" means:

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

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

19 (C) In the case of transmission of a record to or by a filing  
20 office, to transmit a record by any means prescribed by filing-office  
21 rule.

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

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

27 (A) The merchant:

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

30 (ii) Is not an auctioneer; and

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

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

35 (C) The goods are not consumer goods immediately before delivery;  
36 and

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

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

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

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

4 (24) "Consumer-goods transaction" means a consumer transaction in  
5 which:

6 (A) An individual incurs a consumer obligation; and  
7 (B) A security interest in consumer goods secures the obligation.

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

9 (A) Is incurred as part of a transaction entered into primarily  
10 for personal, family, or household purposes; and  
11 (B) Arises from an extension of credit, or commitment to extend  
12 credit, in an aggregate amount not exceeding forty thousand dollars,  
13 or is secured by personal property used or expected to be used as a  
14 principal dwelling.

15 "Consumer obligor" means an obligor who is an individual and who  
16 incurred a consumer obligation.

17 (26) "Consumer transaction" means a transaction in which (i) an  
18 individual incurs a consumer obligation, (ii) a security interest  
19 secures the obligation, and (iii) the collateral is held or acquired  
20 primarily for personal, family, or household purposes. The term  
21 includes consumer-goods transactions.

22 (27) "Continuation statement" means an amendment of a financing  
23 statement which:

24 (A) Identifies, by its file number, the initial financing  
25 statement to which it relates; and  
26 (B) Indicates that it is a continuation statement for, or that it  
27 is filed to continue the effectiveness of, the identified financing  
28 statement.

29 (28) "Debtor" means:

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

33 (B) A seller of accounts, chattel paper, payment intangibles, or  
34 promissory notes; or  
35 (C) A consignee.

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

39 (30) "Document" means a document of title or a receipt of the  
40 type described in RCW 62A.7-201(b).

1           (31) (~~"Electronic chattel paper" means chattel paper evidenced~~  
2 ~~by a record or records consisting of information stored in an~~  
3 ~~electronic medium.~~) [Reserved.]

4           (31A) "Electronic money" means money in an electronic form.

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

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

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

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

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

15           (ii) Aquatic goods produced in aquacultural operations;

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

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

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

21          (35) "Farming operation" means raising, cultivating, propagating,  
22 fattening, grazing, or any other farming, livestock, or aquacultural  
23 operation.

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

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

28          (38) "Filing-office rule" means a rule adopted pursuant to RCW  
29 62A.9A-526.

30          (39) "Financing statement" means a record or records composed of  
31 an initial financing statement and any filed record relating to the  
32 initial financing statement.

33          (40) "Fixture filing" means the filing of a financing statement  
34 covering goods that are or are to become fixtures and satisfying RCW  
35 62A.9A-502 (a) and (b). The term includes the filing of a financing  
36 statement covering goods of a transmitting utility which are or are  
37 to become fixtures.

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

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

7 (43) [Reserved.]

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

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

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

36 (47) "Instrument" means a negotiable instrument or any other  
37 writing that evidences a right to the payment of a monetary  
38 obligation, is not itself a security agreement or lease, and is of a  
39 type that in ordinary course of business is transferred by delivery  
40 with any necessary indorsement or assignment. The term does not



1 include (i) investment property, (ii) letters of credit, (iii)  
2 writings that evidence a right to payment arising out of the use of a  
3 credit or charge card or information contained on or for use with the  
4 card, (iv) writings that do not contain a promise or order to pay,  
5 (~~(v)~~) (v) writings that are expressly nontransferable or  
6 nonassignable, or (vi) writings that evidence chattel paper.

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

8 (A) Are leased by a person as lessor;

9 (B) Are held by a person for sale or lease or to be furnished  
10 under a contract of service;

11 (C) Are furnished by a person under a contract of service; or

12 (D) Consist of raw materials, work in process, or materials used  
13 or consumed in a business.

14 (49) "Investment property" means a security, whether certificated  
15 or uncertificated, security entitlement, securities account,  
16 commodity contract, or commodity account.

17 (50) "Jurisdiction of organization," with respect to a registered  
18 organization, means the jurisdiction under whose law the organization  
19 is formed or organized.

20 (51) "Letter-of-credit right" means a right to payment or  
21 performance under a letter of credit, whether or not the beneficiary  
22 has demanded or is at the time entitled to demand payment or  
23 performance. The term does not include the right of a beneficiary to  
24 demand payment or performance under a letter of credit.

25 (52) "Lien creditor" means:

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

28 (B) An assignee for benefit of creditors from the time of  
29 assignment;

30 (C) A trustee in bankruptcy from the date of the filing of the  
31 petition; or

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

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

35 (54) [Reserved.]

36 (54A) "Money" has the meaning in RCW 62A.1-201(b)(24), but does  
37 not include (i) a deposit account or (ii) money in an electronic form  
38 that cannot be subjected to control under section 904 of this act.

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

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

7 (57) "New value" means (i) money, (ii) money's worth in property,  
8 services, or new credit, or (iii) release by a transferee of an  
9 interest in property previously transferred to the transferee. The  
10 term does not include an obligation substituted for another  
11 obligation.

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

13 (59) "Obligor" means a person that, with respect to an obligation  
14 secured by a security interest in or an agricultural lien on the  
15 collateral, (i) owes payment or other performance of the obligation,  
16 (ii) has provided property other than the collateral to secure  
17 payment or other performance of the obligation, or (iii) is otherwise  
18 accountable in whole or in part for payment or other performance of  
19 the obligation. The term does not include issuers or nominated  
20 persons under a letter of credit.

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

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

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

27 (A) The spouse or state registered domestic partner of the  
28 individual;

29 (B) A brother, brother-in-law, sister, or sister-in-law of the  
30 individual;

31 (C) An ancestor or lineal descendant of the individual or the  
32 individual's spouse or state registered domestic partner; or

33 (D) Any other relative, by blood or by marriage or other law, of  
34 the individual or the individual's spouse or state registered  
35 domestic partner who shares the same home with the individual.

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

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

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

1 (C) An officer or director of, or a person performing similar  
2 functions with respect to, a person described in (63)(A) of this  
3 subsection;

4 (D) The spouse or state registered domestic partner of an  
5 individual described in (63)(A), (B), or (C) of this subsection; or

6 (E) An individual who is related by blood or by marriage or other  
7 law to an individual described in (63)(A), (B), (C), or (D) of this  
8 subsection and shares the same home with the individual.

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

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

13 (B) Whatever is collected on, or distributed on account of,  
14 collateral;

15 (C) Rights arising out of collateral;

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

19 (E) To the extent of the value of collateral and to the extent  
20 payable to the debtor or the secured party, insurance payable by  
21 reason of the loss or nonconformity of, defects or infringement of  
22 rights in, or damage to, the collateral.

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

27 (66) "Proposal" means a record (~~authenticated~~) signed by a  
28 secured party, which includes the terms on which the secured party is  
29 willing to accept collateral in full or partial satisfaction of the  
30 obligation it secures pursuant to RCW 62A.9A-620, 62A.9A-621, and  
31 62A.9A-622.

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

34 (A) Debt securities are issued;

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

37 (C) The debtor, obligor, secured party, account debtor or other  
38 person obligated on collateral, assignor or assignee of a secured  
39 obligation, or assignor or assignee of a security interest is a state  
40 or a governmental unit of a state.

1 (68) "Public organic record" means a record that is available to  
2 the public for inspection and is:

3 (A) A record consisting of the record initially filed with or  
4 issued by a state or the United States to form or organize an  
5 organization and any record filed with or issued by the state or the  
6 United States which amends or restates the initial record;

7 (B) An organic record of a business trust consisting of the  
8 record initially filed with a state and any record filed with the  
9 state which amends or restates the initial record, if a statute of  
10 the state governing business trusts requires that the record be filed  
11 with the state; or

12 (C) A record consisting of legislation enacted by the legislature  
13 of a state or the congress of the United States which forms or  
14 organizes an organization, any record amending the legislation, and  
15 any record filed with or issued by the state or the United States  
16 which amends or restates the name of the organization.

17 (69) "Pursuant to commitment," with respect to an advance made or  
18 other value given by a secured party, means pursuant to the secured  
19 party's obligation, whether or not a subsequent event of default or  
20 other event not within the secured party's control has relieved or  
21 may relieve the secured party from its obligation.

22 (70) "Record," except as used in "for record," "of record,"  
23 "record or legal title," and "record owner," means information that  
24 is inscribed on a tangible medium or which is stored in an electronic  
25 or other medium and is retrievable in perceivable form.

26 (71) "Registered organization" means an organization formed or  
27 organized solely under the law of a single state or the United States  
28 by the filing of a public organic record with, the issuance of a  
29 public organic record by, or the enactment of legislation by the  
30 state or the United States. The term includes a business trust that  
31 is formed or organized under the law of a single state if a statute  
32 of the state governing business trusts requires that the business  
33 trust's organic record be filed with the state.

34 (72) "Secondary obligor" means an obligor to the extent that:

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

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

39 (73) "Secured party" means:

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

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

5 (C) A consignor;

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

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

11 (F) A person that holds a security interest arising under RCW  
12 62A.2-401, 62A.2-505, 62A.2-711(3), 62A.2A-508(5), 62A.4-210, or  
13 62A.5-118.

14 (74) "Security agreement" means an agreement that creates or  
15 provides for a security interest.

16 (75) (~~"Send," in connection with a record or notification,~~  
17 ~~means:~~

18 ~~(A) To deposit in the mail, deliver for transmission, or transmit~~  
19 ~~by any other usual means of communication, with postage or cost of~~  
20 ~~transmission provided for, addressed to any address reasonable under~~  
21 ~~the circumstances; or~~

22 ~~(B) To cause the record or notification to be received within the~~  
23 ~~time that it would have been received if properly sent under (75)(A)~~  
24 ~~of this subsection.)) [Reserved.]~~

25 (76) "Software" means a computer program and any supporting  
26 information provided in connection with a transaction relating to the  
27 program. The term does not include a computer program that is  
28 included in the definition of goods.

29 (77) "State" means a state of the United States, the District of  
30 Columbia, Puerto Rico, the United States Virgin Islands, or any  
31 territory or insular possession subject to the jurisdiction of the  
32 United States.

33 (78) "Supporting obligation" means a letter-of-credit right or  
34 secondary obligation that supports the payment or performance of an  
35 account, chattel paper, a document, a general intangible, an  
36 instrument, or investment property.

37 (79) (~~"Tangible chattel paper" means chattel paper evidenced by~~  
38 ~~a record or records consisting of information that is inscribed on a~~  
39 ~~tangible medium.)) [Reserved.]~~

40 (79A) "Tangible money" means money in a tangible form.

1 (80) "Termination statement" means an amendment of a financing  
2 statement which:

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

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

7 (81) "Transmitting utility" means a person primarily engaged in  
8 the business of:

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

10 (B) Transmitting communications electrically,  
11 electromagnetically, or by light;

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

13 (D) Transmitting or producing and transmitting electricity,  
14 steam, gas, or water.

15 (b) **Definitions in other articles.** "Control" as provided in RCW  
16 62A.7-106 and the following definitions in other articles apply to  
17 this Article:

18	"Applicant."	RCW 62A.5-102.
19	"Beneficiary."	RCW 62A.5-102.
20	"Broker."	RCW 62A.8-102.
21	"Certificated security."	RCW 62A.8-102.
22	"Check."	RCW 62A.3-104.
23	"Clearing corporation."	RCW 62A.8-102.
24	"Contract for sale."	RCW 62A.2-106.
25	"Customer."	RCW 62A.4-104.
26	"Entitlement holder."	RCW 62A.8-102.
27	"Financial asset."	RCW 62A.8-102.
28	"Holder in due course."	RCW 62A.3-302.
29	"Issuer" with respect to	
30	documents of title.	RCW 62A.7-102.
31	"Issuer" with respect to a	
32	letter of credit or letter-	
33	of-credit right.	RCW 62A.5-102.
34	"Issuer" with respect to a	
35	security.	RCW 62A.8-201.
36	"Lease."	RCW 62A.2A-103.
37	"Lease agreement."	RCW 62A.2A-103.

1	"Lease contract."	RCW 62A.2A-103.
2	"Leasehold interest."	RCW 62A.2A-103.
3	"Lessee."	RCW 62A.2A-103.
4	"Lessee in ordinary course	
5	of business."	RCW 62A.2A-103.
6	"Lessor."	RCW 62A.2A-103.
7	"Lessor's residual interest."	RCW 62A.2A-103.
8	"Letter of credit."	RCW 62A.5-102.
9	"Merchant."	RCW 62A.2-104.
10	"Negotiable instrument."	RCW 62A.3-104.
11	"Nominated person."	RCW 62A.5-102.
12	"Note."	RCW 62A.3-104.
13	"Proceeds of a letter of	
14	credit."	RCW 62A.5-114.
15	<u>"Protected purchaser."</u>	<u>RCW 62A.8-303.</u>
16	"Prove."	RCW 62A.3-103.
17	"Sale."	RCW 62A.2-106.
18	"Securities account."	RCW 62A.8-501.
19	"Securities intermediary."	RCW 62A.8-102.
20	"Security."	RCW 62A.8-102.
21	"Security certificate."	RCW 62A.8-102.
22	"Security entitlement."	RCW 62A.8-102.
23	"Uncertificated security."	RCW 62A.8-102.

24 (c) **Article 1 definitions and principles.** Article 1 contains  
25 general definitions and principles of construction and interpretation  
26 applicable throughout this Article.

27 **Sec. 902.** RCW 62A.9A-104 and 2001 c 32 s 17 are each amended to  
28 read as follows:

29 (a) **Requirements for control.** A secured party has control of a  
30 deposit account if:

31 (1) The secured party is the bank with which the deposit account  
32 is maintained;

33 (2) The debtor, secured party, and bank have agreed in (~~an~~  
34 ~~authenticated~~) a signed record that the bank will comply with  
35 instructions originated by the secured party directing disposition of

1 the funds in the deposit account without further consent by the  
2 debtor; ((~~or~~))

3 (3) The secured party becomes the bank's customer with respect to  
4 the deposit account; or

5 (4) Another person, other than the debtor:

6 (A) Has control of the deposit account and acknowledges that it  
7 has control on behalf of the secured party; or

8 (B) Obtains control of the deposit account after having  
9 acknowledged that it will obtain control of the deposit account on  
10 behalf of the secured party.

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

15 **Sec. 903.** RCW 62A.9A-105 and 2011 c 74 s 102 are each amended to  
16 read as follows:

17 (a) **General rule: Control of electronic copy of record evidencing**  
18 **chattel paper.** ((~~A secured party has control of electronic chattel~~  
19 ~~paper if a system employed for evidencing the transfer of interests~~  
20 ~~in the chattel paper reliably establishes the secured party as the~~  
21 ~~person to which the chattel paper was assigned.~~

22 ~~(b) **Specific facts giving control.** A system satisfies subsection~~  
23 ~~(a) of this section if the record or records comprising the chattel~~  
24 ~~paper are created, stored, and assigned in such a manner that:~~

25 ~~(1) A single authoritative copy of the record or records exists~~  
26 ~~which is unique, identifiable and, except as otherwise provided in~~  
27 ~~(4), (5), and (6) of this subsection, unalterable;~~

28 ~~(2) The authoritative copy identifies the secured party as the~~  
29 ~~assignee of the record or records;~~

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

32 ~~(4) Copies or amendments that add or change an identified~~  
33 ~~assignee of the authoritative copy can be made only with the consent~~  
34 ~~of the secured party;~~

35 ~~(5) Each copy of the authoritative copy and any copy of a copy is~~  
36 ~~readily identifiable as a copy that is not the authoritative copy;~~  
37 ~~and~~

38 ~~(6) Any amendment of the authoritative copy is readily~~  
39 ~~identifiable as authorized or unauthorized.)) A purchaser has control~~



1 of an authoritative electronic copy of a record evidencing chattel  
2 paper if a system employed for evidencing the assignment of interests  
3 in the chattel paper reliably establishes the purchaser as the person  
4 to which the authoritative electronic copy was assigned.

5 (b) **Single authoritative copy.** A system satisfies subsection (a)  
6 of this section if the record or records evidencing the chattel paper  
7 are created, stored, and assigned in a manner that:

8 (1) A single authoritative copy of the record or records exists  
9 which is unique, identifiable, and, except as otherwise provided in  
10 (4), (5), and (6) of this subsection, unalterable;

11 (2) The authoritative copy identifies the purchaser as the  
12 assignee of the record or records;

13 (3) The authoritative copy is communicated to and maintained by  
14 the purchaser or its designated custodian;

15 (4) Copies or amendments that add or change an identified  
16 assignee of the authoritative copy can be made only with the consent  
17 of the purchaser;

18 (5) Each copy of the authoritative copy and any copy of a copy is  
19 readily identifiable as a copy that is not the authoritative copy;  
20 and

21 (6) Any amendment of the authoritative copy is readily  
22 identifiable as authorized or unauthorized.

23 (c) **One or more authoritative copies.** A system satisfies  
24 subsection (a) of this section, and a purchaser has control of an  
25 authoritative electronic copy of a record evidencing chattel paper,  
26 if the electronic copy, a record attached to or logically associated  
27 with the electronic copy, or a system in which the electronic copy is  
28 recorded:

29 (1) Enables the purchaser readily to identify each electronic  
30 copy as either an authoritative copy or a nonauthoritative copy;

31 (2) Enables the purchaser readily to identify itself in any way,  
32 including by name, identifying number, cryptographic key, office, or  
33 account number, as the assignee of the authoritative electronic copy;  
34 and

35 (3) Gives the purchaser exclusive power, subject to subsection  
36 (d) of this section, to:

37 (A) Prevent others from adding or changing an identified assignee  
38 of the authoritative electronic copy; and

39 (B) Transfer control of the authoritative electronic copy.

1 (d) **Meaning of exclusive.** Subject to subsection (e) of this  
2 section, a power is exclusive under subsection (c)(3)(A) and (B) of  
3 this section even if:

4 (1) The authoritative electronic copy, a record attached to or  
5 logically associated with the authoritative electronic copy, or a  
6 system in which the authoritative electronic copy is recorded limits  
7 the use of the authoritative electronic copy or has a protocol  
8 programmed to cause a change, including a transfer or loss of  
9 control; or

10 (2) The power is shared with another person.

11 (e) **When power not shared with another person.** A power of a  
12 purchaser is not shared with another person under subsection (d)(2)  
13 of this section and the purchaser's power is not exclusive if:

14 (1) The purchaser can exercise the power only if the power also  
15 is exercised by the other person; and

16 (2) The other person:

17 (A) Can exercise the power without exercise of the power by the  
18 purchaser; or

19 (B) Is the transferor to the purchaser of an interest in the  
20 chattel paper.

21 (f) **Presumption of exclusivity of certain powers.** If a purchaser  
22 has the powers specified in subsection (c)(3)(A) and (B) of this  
23 section, the powers are presumed to be exclusive.

24 (g) **Obtaining control through another person.** A purchaser has  
25 control of an authoritative electronic copy of a record evidencing  
26 chattel paper if another person, other than the transferor to the  
27 purchaser of an interest in the chattel paper:

28 (1) Has control of the authoritative electronic copy and  
29 acknowledges that it has control on behalf of the purchaser; or

30 (2) Obtains control of the authoritative electronic copy after  
31 having acknowledged that it will obtain control of the electronic  
32 copy on behalf of the purchaser.

33 NEW SECTION. **Sec. 904.** A new section is added to chapter 62A.9A  
34 RCW to read as follows:

35 SECTION 9-105A: CONTROL OF ELECTRONIC MONEY. (a) **General rule:**  
36 **Control of electronic money.** A person has control of electronic money  
37 if:

1 (1) The electronic money, a record attached to or logically  
2 associated with the electronic money, or a system in which the  
3 electronic money is recorded gives the person:

4 (A) Power to avail itself of substantially all the benefit from  
5 the electronic money; and

6 (B) Exclusive power, subject to subsection (b) of this section,  
7 to:

8 (i) Prevent others from availing themselves of substantially all  
9 the benefit from the electronic money; and

10 (ii) Transfer control of the electronic money to another person  
11 or cause another person to obtain control of other electronic money  
12 as a result of the transfer of the electronic money; and

13 (2) The electronic money, a record attached to or logically  
14 associated with the electronic money, or a system in which the  
15 electronic money is recorded enables the person readily to identify  
16 itself in any way, including by name, identifying number,  
17 cryptographic key, office, or account number, as having the powers  
18 under (1) of this subsection.

19 (b) **Meaning of exclusive.** Subject to subsection (c) of this  
20 section, a power is exclusive under subsection (a)(1)(B)(i) and (ii)  
21 of this section even if:

22 (1) The electronic money, a record attached to or logically  
23 associated with the electronic money, or a system in which the  
24 electronic money is recorded limits the use of the electronic money  
25 or has a protocol programmed to cause a change, including a transfer  
26 or loss of control; or

27 (2) The power is shared with another person.

28 (c) **When power not shared with another person.** A power of a  
29 person is not shared with another person under subsection (b)(2) of  
30 this section and the person's power is not exclusive if:

31 (1) The person can exercise the power only if the power also is  
32 exercised by the other person; and

33 (2) The other person:

34 (A) Can exercise the power without exercise of the power by the  
35 person; or

36 (B) Is the transferor to the person of an interest in the  
37 electronic money.

38 (d) **Presumption of exclusivity of certain powers.** If a person has  
39 the powers specified in subsection (a)(1)(B)(i) and (ii) of this  
40 section, the powers are presumed to be exclusive.

1 (e) **Control through another person.** A person has control of  
2 electronic money if another person, other than the transferor to the  
3 person of an interest in the electronic money:

4 (1) Has control of the electronic money and acknowledges that it  
5 has control on behalf of the person; or

6 (2) Obtains control of the electronic money after having  
7 acknowledged that it will obtain control of the electronic money on  
8 behalf of the person.

9 NEW SECTION. **Sec. 905.** A new section is added to chapter 62A.9A  
10 RCW to read as follows:

11 SECTION 9-107B: NO REQUIREMENT TO ACKNOWLEDGE OR CONFIRM; NO  
12 DUTIES. (a) **No requirement to acknowledge.** A person that has control  
13 under RCW 62A.9A-104 or 62A.9A-105 or section 904 of this act is not  
14 required to acknowledge that it has control on behalf of another  
15 person.

16 (b) **No duties or confirmation.** If a person acknowledges that it  
17 has or will obtain control on behalf of another person, unless the  
18 person otherwise agrees or law other than this article otherwise  
19 provides, the person does not owe any duty to the other person and is  
20 not required to confirm the acknowledgment to any other person.

21 **Sec. 906.** RCW 62A.9A-203 and 2012 c 214 s 1503 are each amended  
22 to read as follows:

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

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

31 (1) Value has been given;

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

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

35 (A) The debtor has (~~authenticated~~) signed a security agreement  
36 that provides a description of the collateral and, if the security  
37 interest covers timber to be cut, a description of the land  
38 concerned;

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

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

8 (D) The collateral is deposit accounts, ((~~electronic chattel~~  
9 ~~paper,~~) electronic documents, electronic money, investment property,  
10 or letter-of-credit rights, ((~~or electronic documents,~~)) and the  
11 secured party has control under RCW 62A.7-106, 62A.9A-104,  
12 62A.9A-105, 62A.9A-106, or 62A.9A-107 or section 904 of this act  
13 pursuant to the debtor's security agreement; or

14 (E) The collateral is chattel paper and the secured party has  
15 possession and control under section 920 of this act pursuant to the  
16 debtor's security agreement.

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

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

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

29 (2) The person becomes generally obligated for the obligations of  
30 the other person, including the obligation secured under the security  
31 agreement, and acquires or succeeds to all or substantially all of  
32 the assets of the other person.

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

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

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

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

5 (g) **Lien securing right to payment.** The attachment of a security  
6 interest in a right to payment or performance secured by a security  
7 interest or other lien on personal or real property is also  
8 attachment of a security interest in the security interest, mortgage,  
9 or other lien.

10 (h) **Security entitlement carried in securities account.** The  
11 attachment of a security interest in a securities account is also  
12 attachment of a security interest in the security entitlements  
13 carried in the securities account.

14 (i) **Commodity contracts carried in commodity account.** The  
15 attachment of a security interest in a commodity account is also  
16 attachment of a security interest in the commodity contracts carried  
17 in the commodity account.

18 **Sec. 907.** RCW 62A.9A-204 and 2000 c 250 s 9A-204 are each  
19 amended to read as follows:

20 (a) **After-acquired collateral.** Except as otherwise provided in  
21 subsection (b) of this section, a security agreement may create or  
22 provide for a security interest in after-acquired collateral.

23 (b) **When after-acquired property clause not effective.** ((A))  
24 Subject to subsection (b.1) of this section, a security interest does  
25 not attach, under a term constituting an after-acquired property  
26 clause, to:

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

30 (2) A commercial tort claim.

31 (b.1) **Limitation on subsection (b).** Subsection (b) of this  
32 section does not prevent a security interest from attaching:

33 (1) To consumer goods as proceeds under RCW 62A.9A-315(a) or  
34 commingled goods under RCW 62A.9A-336(c);

35 (2) To a commercial tort claim as proceeds under RCW  
36 62A.9A-315(a); or

37 (3) Under an after-acquired property clause to property that is  
38 proceeds of consumer goods or a commercial tort claim.

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

6 **Sec. 908.** RCW 62A.9A-207 and 2012 c 214 s 1504 are each amended  
7 to read as follows:

8 (a) **Duty of care when secured party in possession.** Except as  
9 otherwise provided in subsection (d) of this section, a secured party  
10 shall use reasonable care in the custody and preservation of  
11 collateral in the secured party's possession. In the case of chattel  
12 paper or an instrument, reasonable care includes taking necessary  
13 steps to preserve rights against prior parties unless otherwise  
14 agreed.

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

18 (1) Reasonable expenses, including the cost of insurance and  
19 payment of taxes or other charges, incurred in the custody,  
20 preservation, use, or operation of the collateral are chargeable to  
21 the debtor and are secured by the collateral;

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

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

26 (4) The secured party may use or operate the collateral:

27 (A) For the purpose of preserving the collateral or its value;

28 (B) As permitted by an order of a court having competent  
29 jurisdiction; or

30 (C) Except in the case of consumer goods, in the manner and to  
31 the extent agreed by the debtor.

32 (c) **Duties and rights when secured party in possession or**  
33 **control.** Except as otherwise provided in subsection (d) of this  
34 section, a secured party having possession of collateral or control  
35 of collateral under RCW 62A.7-106, 62A.9A-104, 62A.9A-105,  
36 62A.9A-106, or 62A.9A-107 or section 904 of this act:

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

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

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

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

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

9 (A) To charge back uncollected collateral; or

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

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

14 **Sec. 909.** RCW 62A.9A-208 and 2012 c 214 s 1505 are each amended  
15 to read as follows:

16 (a) **Applicability of section.** This section applies to cases in  
17 which there is no outstanding secured obligation and the secured  
18 party is not committed to make advances, incur obligations, or  
19 otherwise give value.

20 (b) **Duties of secured party after receiving demand from debtor.**  
21 Within ~~((ten))~~ 10 days after receiving ~~((an authenticated))~~ a signed  
22 demand by the debtor:

23 (1) A secured party having control of a deposit account under RCW  
24 62A.9A-104(a)(2) shall send to the bank with which the deposit  
25 account is maintained ~~((an authenticated statement))~~ a signed record  
26 that releases the bank from any further obligation to comply with  
27 instructions originated by the secured party;

28 (2) A secured party having control of a deposit account under RCW  
29 62A.9A-104(a)(3) shall:

30 (A) Pay the debtor the balance on deposit in the deposit account;  
31 or

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

34 ~~((A secured party, other than a buyer, having control of  
35 electronic chattel paper under RCW 62A.9A-105 shall:~~

36 ~~((A) Communicate the authoritative copy of the electronic chattel  
37 paper to the debtor or its designated custodian;~~

38 ~~((B) If the debtor designates a custodian that is the designated  
39 custodian with which the authoritative copy of the electronic chattel~~



1 ~~paper is maintained for the secured party, communicate to the~~  
2 ~~custodian an authenticated record releasing the designated custodian~~  
3 ~~from any further obligation to comply with instructions originated by~~  
4 ~~the secured party and instructing the custodian to comply with~~  
5 ~~instructions originated by the debtor; and~~

6 ~~(C) Take appropriate action to enable the debtor or its~~  
7 ~~designated custodian to make copies of or revisions to the~~  
8 ~~authoritative copy which add or change an identified assignee of the~~  
9 ~~authoritative copy without the consent of the secured party)) A~~  
10 ~~secured party, other than a buyer, having control under RCW~~  
11 ~~62A.9A-105 of an authoritative electronic copy of a record evidencing~~  
12 ~~chattel paper shall transfer control of the electronic copy to the~~  
13 ~~debtor or a person designated by the debtor;~~

14 (4) A secured party having control of investment property under  
15 RCW 62A.8-106(4) (b) or 62A.9A-106(b) shall send to the securities  
16 intermediary or commodity intermediary with which the security  
17 entitlement or commodity contract is maintained ((an authenticated))  
18 a signed record that releases the securities intermediary or  
19 commodity intermediary from any further obligation to comply with  
20 entitlement orders or directions originated by the secured party;

21 (5) A secured party having control of a letter-of-credit right  
22 under RCW 62A.9A-107 shall send to each person having an unfulfilled  
23 obligation to pay or deliver proceeds of the letter of credit to the  
24 secured party ((an authenticated)) a signed release from any further  
25 obligation to pay or deliver proceeds of the letter of credit to the  
26 secured party; ((and))

27 (6) ((A secured party having control of an electronic document  
28 shall:

29 ~~(A) Give control of the electronic document to the debtor or its~~  
30 ~~designated custodian;~~

31 ~~(B) If the debtor designates a custodian that is the designated~~  
32 ~~custodian with which the authoritative copy of the electronic~~  
33 ~~document is maintained for the secured party, communicate to the~~  
34 ~~custodian an authenticated record releasing the designated custodian~~  
35 ~~from any further obligation to comply with instructions originated by~~  
36 ~~the secured party and instructing the custodian to comply with~~  
37 ~~instructions originated by the debtor; and~~

38 ~~(C) Take appropriate action to enable the debtor or its~~  
39 ~~designated custodian to make copies of or revisions to the~~  
40 ~~authoritative copy which add or change an identified assignee of the~~

1 ~~authoritative copy without the consent of the secured party))~~ A  
2 secured party having control under RCW 62A.7-106 of an authoritative  
3 electronic copy of an electronic document of title shall transfer  
4 control of the electronic copy to the debtor or a person designated  
5 by the debtor; and

6 (7) A secured party having control under section 904 of this act  
7 of electronic money shall transfer control of the electronic money to  
8 the debtor or a person designated by the debtor.

9 **Sec. 910.** RCW 62A.9A-209 and 2011 c 74 s 707 are each amended to  
10 read as follows:

11 (a) **Applicability of section.** Except as otherwise provided in  
12 subsection (c) of this section, this section applies if:

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

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

16 (b) **Duties of secured party after receiving demand from debtor.**

17 Within ~~((ten))~~ 10 days after receiving ~~((an authenticated))~~ a signed  
18 demand by the debtor, a secured party shall send to an account debtor  
19 that has received notification under RCW 62A.9A-406(a) of an  
20 assignment to the secured party as assignee ~~((under RCW 62A.9A-406(a)~~  
21 ~~an authenticated))~~ a signed record that releases the account debtor  
22 from any further obligation to the secured party.

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

26 **Sec. 911.** RCW 62A.9A-210 and 2000 c 250 s 9A-210 are each  
27 amended to read as follows:

28 (a) **Definitions.** In this section:

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

31 (2) "Request for an accounting" means a record ~~((authenticated))~~  
32 signed by a debtor requesting that the recipient provide an  
33 accounting of the unpaid obligations secured by collateral and  
34 reasonably identifying the transaction or relationship that is the  
35 subject of the request.

36 (3) "Request regarding a list of collateral" means a record  
37 ~~((authenticated))~~ signed by a debtor requesting that the recipient  
38 approve or correct a list of what the debtor believes to be the

1 collateral securing an obligation and reasonably identifying the  
2 transaction or relationship that is the subject of the request.

3 (4) "Request regarding a statement of account" means a record  
4 (~~authenticated~~) signed by a debtor requesting that the recipient  
5 approve or correct a statement indicating what the debtor believes to  
6 be the aggregate amount of unpaid obligations secured by collateral  
7 as of a specified date and reasonably identifying the transaction or  
8 relationship that is the subject of the request.

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

14 (1) In the case of a request for an accounting, by  
15 (~~authenticating~~) signing and sending to the debtor an accounting;  
16 and

17 (2) In the case of a request regarding a list of collateral or a  
18 request regarding a statement of account, by (~~authenticating~~)  
19 signing and sending to the debtor an approval or correction.

20 (c) **Request regarding list of collateral; statement concerning**  
21 **type of collateral.** A secured party that claims a security interest  
22 in all of a particular type of collateral owned by the debtor may  
23 comply with a request regarding a list of collateral by sending to  
24 the debtor (~~an authenticated~~) a signed record including a statement  
25 to that effect within (~~fourteen~~) 14 days after receipt.

26 (d) **Request regarding list of collateral; no interest claimed.** A  
27 person that receives a request regarding a list of collateral, claims  
28 no interest in the collateral when it receives the request, and  
29 claimed an interest in the collateral at an earlier time shall comply  
30 with the request within (~~fourteen~~) 14 days after receipt by sending  
31 to the debtor (~~an authenticated~~) a signed record:

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

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

36 (e) **Request for accounting or regarding statement of account; no**  
37 **interest in obligation claimed.** A person that receives a request for  
38 an accounting or a request regarding a statement of account, claims  
39 no interest in the obligations when it receives the request, and  
40 claimed an interest in the obligations at an earlier time shall

1 comply with the request within fourteen days after receipt by sending  
2 to the debtor ((an authenticated)) a signed record:

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

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

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

11 **Sec. 912.** RCW 62A.9A-301 and 2012 c 214 s 1506 are each amended  
12 to read as follows:

13 Except as otherwise provided in RCW 62A.9A-303 through  
14 62A.9A-306, the following rules determine the law governing  
15 perfection, the effect of perfection or nonperfection, and the  
16 priority of a security interest in collateral:

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

21 (2) While collateral is located in a jurisdiction, the local law  
22 of that jurisdiction governs perfection, the effect of perfection or  
23 nonperfection, and the priority of a possessory security interest in  
24 that collateral.

25 (3) Except as otherwise provided in subsection (4) of this  
26 section, while ((~~tangible~~)) negotiable tangible documents, goods,  
27 instruments, or tangible money((, ~~or tangible chattel paper~~)) is  
28 located in a jurisdiction, the local law of that jurisdiction  
29 governs:

30 (A) Perfection of a security interest in the goods by filing a  
31 fixture filing;

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

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

35 (4) The local law of the jurisdiction in which the wellhead or  
36 minehead is located governs perfection, the effect of perfection or  
37 nonperfection, and the priority of a security interest in as-  
38 extracted collateral.

1       **Sec. 913.**     RCW 62A.9A-304 and 2000 c 250 s 9A-304 are each  
2 amended to read as follows:

3       (a) **Law of bank's jurisdiction governs.** The local law of a bank's  
4 jurisdiction governs perfection, the effect of perfection or  
5 nonperfection, and the priority of a security interest in a deposit  
6 account maintained with that bank even if the transaction does not  
7 bear any relation to the bank's jurisdiction.

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

10       (1) If an agreement between the bank and the debtor governing the  
11 deposit account expressly provides that a particular jurisdiction is  
12 the bank's jurisdiction for purposes of this part, this Article, or  
13 the Uniform Commercial Code, that jurisdiction is the bank's  
14 jurisdiction.

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

20       (3) If neither (1) nor (2) of this subsection applies and an  
21 agreement between the bank and its customer governing the deposit  
22 account expressly provides that the deposit account is maintained at  
23 an office in a particular jurisdiction, that jurisdiction is the  
24 bank's jurisdiction.

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

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

32       **Sec. 914.**     RCW 62A.9A-305 and 2001 c 32 s 23 are each amended to  
33 read as follows:

34       (a) **Governing law: General rules.** Except as otherwise provided in  
35 subsection (c) of this section, the following rules apply:

36       (1) While a security certificate is located in a jurisdiction,  
37 the local law of that jurisdiction governs perfection, the effect of  
38 perfection or nonperfection, and the priority of a security interest  
39 in the certificated security represented thereby.

1 (2) The local law of the issuer's jurisdiction as specified in  
2 RCW 62A.8-110(4) governs perfection, the effect of perfection or  
3 nonperfection, and the priority of a security interest in an  
4 uncertificated security.

5 (3) The local law of the securities intermediary's jurisdiction  
6 as specified in RCW 62A.8-110(5) governs perfection, the effect of  
7 perfection or nonperfection, and the priority of a security interest  
8 in a security entitlement or securities account.

9 (4) The local law of the commodity intermediary's jurisdiction  
10 governs perfection, the effect of perfection or nonperfection, and  
11 the priority of a security interest in a commodity contract or  
12 commodity account.

13 (5) (2), (3), and (4) of this subsection apply even if the  
14 transaction does not bear any relation to the jurisdiction.

15 (b) **Commodity intermediary's jurisdiction.** The following rules  
16 determine a commodity intermediary's jurisdiction for purposes of  
17 this part:

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

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

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

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

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

1 (c) **When perfection governed by law of jurisdiction where debtor**  
2 **located.** The local law of the jurisdiction in which the debtor is  
3 located governs:

4 (1) Perfection of a security interest in investment property by  
5 filing;

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

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

10 NEW SECTION. **Sec. 915.** A new section is added to chapter 62A.9A  
11 RCW to read as follows:

12 SECTION 9-306A: LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY  
13 INTERESTS IN CHATTEL PAPER. (a) **Chattel paper evidenced by**  
14 **authoritative electronic copy.** Except as provided in subsection (d)  
15 of this section, if chattel paper is evidenced only by an  
16 authoritative electronic copy of the chattel paper or is evidenced by  
17 an authoritative electronic copy and an authoritative tangible copy,  
18 the local law of the chattel paper's jurisdiction governs perfection,  
19 the effect of perfection or nonperfection, and the priority of a  
20 security interest in the chattel paper, even if the transaction does  
21 not bear any relation to the chattel paper's jurisdiction.

22 (b) **Chattel paper's jurisdiction.** The following rules determine  
23 the chattel paper's jurisdiction under this section:

24 (1) If the authoritative electronic copy of the record evidencing  
25 chattel paper, or a record attached to or logically associated with  
26 the electronic copy and readily available for review, expressly  
27 provides that a particular jurisdiction is the chattel paper's  
28 jurisdiction for purposes of this part, this Article, or this title,  
29 that jurisdiction is the chattel paper's jurisdiction.

30 (2) If (1) of this subsection does not apply and the rules of the  
31 system in which the authoritative electronic copy is recorded are  
32 readily available for review and expressly provide that a particular  
33 jurisdiction is the chattel paper's jurisdiction for purposes of this  
34 part, this Article, or this title, that jurisdiction is the chattel  
35 paper's jurisdiction.

36 (3) If (1) and (2) of this subsection do not apply and the  
37 authoritative electronic copy, or a record attached to or logically  
38 associated with the electronic copy and readily available for review,  
39 expressly provides that the chattel paper is governed by the law of a

1 particular jurisdiction, that jurisdiction is the chattel paper's  
2 jurisdiction.

3 (4) If (1), (2), and (3) of this subsection do not apply and the  
4 rules of the system in which the authoritative electronic copy is  
5 recorded are readily available for review and expressly provide that  
6 the chattel paper or the system is governed by the law of a  
7 particular jurisdiction, that jurisdiction is the chattel paper's  
8 jurisdiction.

9 (5) If (1) through (4) of this subsection do not apply, the  
10 chattel paper's jurisdiction is the jurisdiction in which the debtor  
11 is located.

12 (c) **Chattel paper evidenced by authoritative tangible copy.** If an  
13 authoritative tangible copy of a record evidences chattel paper and  
14 the chattel paper is not evidenced by an authoritative electronic  
15 copy, while the authoritative tangible copy of the record evidencing  
16 chattel paper is located in a jurisdiction, the local law of that  
17 jurisdiction governs:

18 (1) Perfection of a security interest in the chattel paper by  
19 possession under section 920 of this act; and

20 (2) The effect of perfection or nonperfection and the priority of  
21 a security interest in the chattel paper.

22 (d) **When perfection governed by law of jurisdiction where debtor**  
23 **located.** The local law of the jurisdiction in which the debtor is  
24 located governs perfection of a security interest in chattel paper by  
25 filing.

26 **Sec. 916.** RCW 62A.9A-310 and 2012 c 214 s 1508 are each amended  
27 to read as follows:

28 (a) **General rule: Perfection by filing.** Except as otherwise  
29 provided in subsections (b) and (d) of this section and RCW  
30 62A.9A-312(b), a financing statement must be filed to perfect all  
31 security interests and agricultural liens.

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

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

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

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

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



1 (5) In certificated securities, documents, goods, or instruments  
2 which is perfected without filing, control, or possession under RCW  
3 62A.9A-312 (e), (f), or (g);

4 (6) In collateral in the secured party's possession under RCW  
5 62A.9A-313;

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

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

11 (8.1) In chattel paper which is perfected by possession and  
12 control under section 920 of this act;

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

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

15 (c) **Assignment of perfected security interest.** If a secured party  
16 assigns a perfected security interest or agricultural lien, a filing  
17 under this Article is not required to continue the perfected status  
18 of the security interest against creditors of and transferees from  
19 the original debtor.

20 (d) **Further exception: Filing not necessary for handler's lien.**  
21 The filing of a financing statement is not necessary to perfect the  
22 agricultural lien of a handler on orchard crops as provided in RCW  
23 60.11.020(3).

24 **Sec. 917.** RCW 62A.9A-312 and 2012 c 214 s 1509 are each amended  
25 to read as follows:

26 (a) **Perfection by filing permitted.** A security interest in  
27 chattel paper, ~~((negotiable documents,))~~ instruments, ~~((or))~~  
28 investment property, or negotiable documents may be perfected by  
29 filing.

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

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

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

37 (3) A security interest in tangible money may be perfected only  
38 by the secured party's taking possession under RCW 62A.9A-313; and

1       (4) A security interest in electronic money may be perfected only  
2 by control under RCW 62A.9A-314.

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

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

8       (2) A security interest perfected in the document has priority  
9 over any security interest that becomes perfected in the goods by  
10 another method during that time.

11       (d) **Goods covered by nonnegotiable document.** While goods are in  
12 the possession of a bailee that has issued a nonnegotiable document  
13 covering the goods, a security interest in the goods may be perfected  
14 by:

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

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

18       (3) Filing as to the goods.

19       (e) **Temporary perfection: New value.** A security interest in  
20 certificated securities, negotiable documents, or instruments is  
21 perfected without filing or the taking of possession or control for a  
22 period of twenty days from the time it attaches to the extent that it  
23 arises for new value given under (~~(an authenticated)~~) a signed  
24 security agreement.

25       (f) **Temporary perfection: Goods or documents made available to**  
26 **debtor.** A perfected security interest in a negotiable document or  
27 goods in possession of a bailee, other than one that has issued a  
28 negotiable document for the goods, remains perfected for twenty days  
29 without filing if the secured party makes available to the debtor the  
30 goods or documents representing the goods for the purpose of:

31       (1) Ultimate sale or exchange; or

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

35       (g) **Temporary perfection: Delivery of security certificate or**  
36 **instrument to debtor.** A perfected security interest in a certificated  
37 security or instrument remains perfected for twenty days without  
38 filing if the secured party delivers the security certificate or  
39 instrument to the debtor for the purpose of:

40       (1) Ultimate sale or exchange; or

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

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

6 **Sec. 918.** RCW 62A.9A-313 and 2012 c 214 s 1511 are each amended  
7 to read as follows:

8 (a) **Perfection by possession or delivery.** Except as otherwise  
9 provided in subsection (b) of this section, a secured party may  
10 perfect a security interest in (~~tangible negotiable documents,~~)  
11 goods, instruments, negotiable tangible documents, or tangible  
12 money(~~, or tangible chattel paper~~) by taking possession of the  
13 collateral. A secured party may perfect a security interest in  
14 certificated securities by taking delivery of the certificated  
15 securities under RCW 62A.8-301.

16 (b) **Goods covered by certificate of title.** With respect to goods  
17 covered by a certificate of title issued by this state, a secured  
18 party may perfect a security interest in the goods by taking  
19 possession of the goods only in the circumstances described in RCW  
20 62A.9A-316(d).

21 (c) **Collateral in possession of person other than debtor.** With  
22 respect to collateral other than certificated securities and goods  
23 covered by a document, a secured party takes possession of collateral  
24 in the possession of a person other than the debtor, the secured  
25 party, or a lessee of the collateral from the debtor in the ordinary  
26 course of the debtor's business, when:

27 (1) The person in possession (~~authenticates~~) signs a record  
28 acknowledging that it holds possession of the collateral for the  
29 secured party's benefit; or

30 (2) The person takes possession of the collateral after having  
31 (~~authenticated~~) signed a record acknowledging that it will hold  
32 possession of the collateral for the secured party's benefit.

33 (d) **Time of perfection by possession; continuation of perfection.**  
34 If perfection of a security interest depends upon possession of the  
35 collateral by a secured party, perfection occurs (~~no~~) not earlier  
36 than the time the secured party takes possession and continues only  
37 while the secured party retains possession.

38 (e) **Time of perfection by delivery; continuation of perfection.** A  
39 security interest in a certificated security in registered form is

1 perfected by delivery when delivery of the certificated security  
2 occurs under RCW 62A.8-301 and remains perfected by delivery until  
3 the debtor obtains possession of the security certificate.

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

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

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

13 (2) Unless the person otherwise agrees or law other than this  
14 Article otherwise provides, the person does not owe any duty to the  
15 secured party and is not required to confirm the acknowledgment to  
16 another person.

17 (h) **Secured party's delivery to person other than debtor.** A  
18 secured party having possession of collateral does not relinquish  
19 possession by delivering the collateral to a person other than the  
20 debtor or a lessee of the collateral from the debtor in the ordinary  
21 course of the debtor's business if the person was instructed before  
22 the delivery or is instructed contemporaneously with the delivery:

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

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

26 (i) **Effect of delivery under subsection (h) of this section; no**  
27 **duties or confirmation.** A secured party does not relinquish  
28 possession, even if a delivery under subsection (h) of this section  
29 violates the rights of a debtor. A person to which collateral is  
30 delivered under subsection (h) of this section does not owe any duty  
31 to the secured party and is not required to confirm the delivery to  
32 another person unless the person otherwise agrees or law other than  
33 this Article otherwise provides.

34 **Sec. 919.** RCW 62A.9A-314 and 2012 c 214 s 1512 are each amended  
35 to read as follows:

36 (a) **Perfection by control.** A security interest in ((investment  
37 ~~property, deposit accounts, letter-of-credit rights, electronic~~  
38 ~~chattel paper, or electronic documents)) deposit accounts, electronic  
39 documents, electronic money, investment property, or letter-of-credit~~

1 rights may be perfected by control of the collateral under RCW  
2 62A.7-106, 62A.9A-104, (~~62A.9A-105,~~) 62A.9A-106, or 62A.9A-107 or  
3 section 904 of this act.

4 (b) **Specified collateral: Time of perfection by control;**  
5 **continuation of perfection.** A security interest in (~~deposit~~  
6 ~~accounts, electronic chattel paper, letter-of-credit rights, or~~  
7 ~~electronic documents~~) deposit accounts, electronic documents,  
8 electronic money, or letter-of-credit rights is perfected by control  
9 under RCW 62A.7-106, 62A.9A-104, (~~62A.9A-105,~~) or 62A.9A-107 or  
10 section 904 of this act not earlier than the time when the secured  
11 party obtains control and remains perfected by control only while the  
12 secured party retains control.

13 (c) **Investment property: Time of perfection by control;**  
14 **continuation of perfection.** A security interest in investment  
15 property is perfected by control under RCW 62A.9A-106 (~~from~~) not  
16 earlier than the time the secured party obtains control and remains  
17 perfected by control until:

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

19 (2) One of the following occurs:

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

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

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

26 NEW SECTION. Sec. 920. A new section is added to chapter 62A.9A  
27 RCW to read as follows:

28 SECTION 9-314A: PERFECTION BY POSSESSION AND CONTROL OF CHATTEL  
29 PAPER. (a) **Perfection by possession and control.** A secured party may  
30 perfect a security interest in chattel paper by taking possession of  
31 each authoritative tangible copy of the record evidencing the chattel  
32 paper and obtaining control of each authoritative electronic copy of  
33 the electronic record evidencing the chattel paper.

34 (b) **Time of perfection; continuation of perfection.** A security  
35 interest is perfected under subsection (a) of this section not  
36 earlier than the time the secured party takes possession and obtains  
37 control and remains perfected under subsection (a) of this section  
38 only while the secured party retains possession and control.

1 (c) **Application of RCW 62A.9A-313 to perfection by possession of**  
2 **chattel paper.** RCW 62A.9A-313 (c) and (f) through (i) applies to  
3 perfection by possession of an authoritative tangible copy of a  
4 record evidencing chattel paper.

5 **Sec. 921.** RCW 62A.9A-316 and 2011 c 74 s 203 are each amended to  
6 read as follows:

7 (a) **General rule: Effect on perfection of change in governing**  
8 **law.** A security interest perfected pursuant to the law of the  
9 jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-305(c) or  
10 section 915 of this act remains perfected until the earliest of:

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

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

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

18 (b) **Security interest perfected or unperfected under law of new**  
19 **jurisdiction.** If a security interest described in subsection (a) of  
20 this section becomes perfected under the law of the other  
21 jurisdiction before the earliest time or event described in  
22 subsection (a) of this section, it remains perfected thereafter. If  
23 the security interest does not become perfected under the law of the  
24 other jurisdiction before the earliest time or event, it becomes  
25 unperfected and is deemed never to have been perfected as against a  
26 purchaser of the collateral for value.

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

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

33 (2) Thereafter the collateral is brought into another  
34 jurisdiction; and

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

37 (d) **Goods covered by certificate of title from this state.** Except  
38 as otherwise provided in subsection (e) of this section, a security  
39 interest in goods covered by a certificate of title which is

1 perfected by any method under the law of another jurisdiction when  
2 the goods become covered by a certificate of title from this state  
3 remains perfected until the security interest would have become  
4 unperfected under the law of the other jurisdiction had the goods not  
5 become so covered.

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

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

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

18 (f) **Change in jurisdiction of chattel paper, bank, issuer,**  
19 **nominated person, securities intermediary, or commodity intermediary.**

20 A security interest in chattel paper, deposit accounts, letter-of-  
21 credit rights, or investment property which is perfected under the  
22 law of the chattel paper's jurisdiction, the bank's jurisdiction, the  
23 issuer's jurisdiction, a nominated person's jurisdiction, the  
24 securities intermediary's jurisdiction, or the commodity  
25 intermediary's jurisdiction, as applicable, remains perfected until  
26 the earlier of:

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

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

31 (g) **Subsection (f) of this section security interest perfected or**  
32 **unperfected under law of new jurisdiction.** If a security interest

33 described in subsection (f) of this section becomes perfected under  
34 the law of the other jurisdiction before the earlier of the time or  
35 the end of the period described in subsection (f) of this section, it  
36 remains perfected thereafter. If the security interest does not  
37 become perfected under the law of the other jurisdiction before the  
38 earlier of that time or the end of that period, it becomes  
39 unperfected and is deemed never to have been perfected as against a  
40 purchaser of the collateral for value.

1 (h) **Effect on filed financing statement of change in governing**  
2 **law.** The following rules apply to collateral to which a security  
3 interest attaches within four months after the debtor changes its  
4 location to another jurisdiction:

5 (1) A financing statement filed before the change pursuant to the  
6 law of the jurisdiction designated in RCW 62A.9A-301(1) or  
7 62A.9A-305(c) is effective to perfect a security interest in the  
8 collateral if the financing statement would have been effective to  
9 perfect a security interest in the collateral had the debtor not  
10 changed its location.

11 (2) If a security interest perfected by a financing statement  
12 that is effective under (1) of this subsection (h) becomes perfected  
13 under the law of the other jurisdiction before the earlier of the  
14 time the financing statement would have become ineffective under the  
15 law of the jurisdiction designated in RCW 62A.9A-301(1) or  
16 62A.9A-305(c) or the expiration of the four-month period, it remains  
17 perfected thereafter. If the security interest does not become  
18 perfected under the law of the other jurisdiction before the earlier  
19 time or event, it becomes unperfected and is deemed never to have  
20 been perfected as against a purchaser of the collateral for value.

21 (i) **Effect of change in governing law on financing statement**  
22 **filed against original debtor.** If a financing statement naming an  
23 original debtor is filed pursuant to the law of the jurisdiction  
24 designated in RCW 62A.9A-301(1) or 62A.9A-305(c) and the new debtor  
25 is located in another jurisdiction, the following rules apply:

26 (1) The financing statement is effective to perfect a security  
27 interest in collateral acquired by the new debtor before, and within  
28 four months after, the new debtor becomes bound under RCW  
29 62A.9A-203(d), if the financing statement would have been effective  
30 to perfect a security interest in the collateral had the collateral  
31 been acquired by the original debtor.

32 (2) A security interest perfected by the financing statement and  
33 which becomes perfected under the law of the other jurisdiction  
34 before the earlier of the time the financing statement would have  
35 become ineffective under the law of the jurisdiction designated in  
36 RCW 62A.9A-301(1) or 62A.9A-305(c) or the expiration of the four-  
37 month period remains perfected thereafter. A security interest that  
38 is perfected by the financing statement but which does not become  
39 perfected under the law of the other jurisdiction before the earlier



1 time or event becomes unperfected and is deemed never to have been  
2 perfected as against a purchaser of the collateral for value.

3 **Sec. 922.** RCW 62A.9A-317 and 2012 c 214 s 1514 are each amended  
4 to read as follows:

5 (a) **Conflicting security interests and rights of lien creditors.**

6 A security interest or agricultural lien is subordinate to the rights  
7 of:

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

9 (2) Except as otherwise provided in subsection (e) of this  
10 section, a person that becomes a lien creditor before the earlier of  
11 the time:

12 (A) The security interest or agricultural lien is perfected; or

13 (B) One of the conditions specified in RCW 62A.9A-203(b)(3) is  
14 met and a financing statement covering the collateral is filed.

15 (b) **Buyers that receive delivery.** Except as otherwise provided in  
16 subsection (e) of this section, a buyer, other than a secured party,  
17 of ~~((tangible chattel paper, tangible documents,))~~ goods,  
18 instruments, tangible documents, or a certificated security takes  
19 free of a security interest or agricultural lien if the buyer gives  
20 value and receives delivery of the collateral without knowledge of  
21 the security interest or agricultural lien and before it is  
22 perfected.

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

28 (d) **Licensees and buyers of certain collateral.** ~~((A))~~ Subject to  
29 subsections (f) and (g) of this section, a licensee of a general  
30 intangible or a buyer, other than a secured party, of collateral  
31 other than ~~((tangible chattel paper, tangible documents,))~~ electronic  
32 money, goods, instruments, tangible documents, or a certificated  
33 security takes free of a security interest if the licensee or buyer  
34 gives value without knowledge of the security interest and before it  
35 is perfected.

36 (e) **Purchase-money security interest.** Except as otherwise  
37 provided in RCW 62A.9A-320 and 62A.9A-321, if a person files a  
38 financing statement with respect to a purchase-money security  
39 interest before or within twenty days after the debtor receives

1 delivery of the collateral, the security interest takes priority over  
2 the rights of a buyer, lessee, or lien creditor which arise between  
3 the time the security interest attaches and the time of filing.

4 (f) **Buyers of chattel paper.** A buyer, other than a secured party,  
5 of chattel paper takes free of a security interest if, without  
6 knowledge of the security interest and before it is perfected, the  
7 buyer gives value and:

8 (1) Receives delivery of each authoritative tangible copy of the  
9 record evidencing the chattel paper; and

10 (2) If each authoritative electronic copy of the record  
11 evidencing the chattel paper can be subjected to control under RCW  
12 62A.9A-105, obtains control of each authoritative electronic copy.

13 (g) **Buyers of electronic documents.** A buyer of an electronic  
14 document takes free of a security interest if, without knowledge of  
15 the security interest and before it is perfected, the buyer gives  
16 value and, if each authoritative electronic copy of the document can  
17 be subjected to control under RCW 62A.7-106, obtains control of each  
18 authoritative electronic copy.

19 **Sec. 923.** RCW 62A.9A-323 and 2000 c 250 s 9A-323 are each  
20 amended to read as follows:

21 (a) **When priority based on time of advance.** Except as otherwise  
22 provided in subsection (c) of this section, for purposes of  
23 determining the priority of a perfected security interest under RCW  
24 62A.9A-322(a)(1), perfection of the security interest dates from the  
25 time an advance is made to the extent that the security interest  
26 secures an advance that:

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

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

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

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

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

38 (1) Without knowledge of the lien; or

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

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

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

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

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

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

19 (f) **Lessee of goods.** Except as otherwise provided in subsection  
20 (g) of this section, a lessee of goods (~~(, other than a lessee in~~  
21 ~~ordinary course of business,)~~) takes the leasehold interest free of a  
22 security interest to the extent that it secures advances made after  
23 the earlier of:

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

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

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

31 **Sec. 924.** RCW 62A.9A-324 and 2000 c 250 s 9A-324 are each  
32 amended to read as follows:

33 (a) **General rule: Purchase-money priority.** Except as otherwise  
34 provided in subsection (g) of this section, a perfected purchase-  
35 money security interest in goods other than inventory or livestock  
36 has priority over a conflicting security interest in the same goods,  
37 and, except as otherwise provided in RCW 62A.9A-327, a perfected  
38 security interest in its identifiable proceeds also has priority, if  
39 the purchase-money security interest is perfected when the debtor

1 receives possession of the collateral or within twenty days  
2 thereafter.

3 (b) **Inventory purchase-money priority.** Subject to subsection (c)  
4 of this section and except as otherwise provided in subsection (g) of  
5 this section, a perfected purchase-money security interest in  
6 inventory has priority over a conflicting security interest in the  
7 same inventory, has priority over a conflicting security interest in  
8 chattel paper or an instrument constituting proceeds of the inventory  
9 and in proceeds of the chattel paper, if so provided in RCW  
10 62A.9A-330, and, except as otherwise provided in RCW 62A.9A-327, also  
11 has priority in identifiable cash proceeds of the inventory to the  
12 extent the identifiable cash proceeds are received on or before the  
13 delivery of the inventory to a buyer, if:

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

16 (2) The purchase-money secured party sends ((an-authenticated)) a  
17 signed notification to the holder of the conflicting security  
18 interest;

19 (3) The holder of the conflicting security interest receives the  
20 notification within five years before the debtor receives possession  
21 of the inventory; and

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

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

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

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

34 (d) **Livestock purchase-money priority.** Subject to subsection (e)  
35 of this section and except as otherwise provided in subsection (g) of  
36 this section, a perfected purchase-money security interest in  
37 livestock that are farm products has priority over a conflicting  
38 security interest in the same livestock, and, except as otherwise  
39 provided in RCW 62A.9A-327, a perfected security interest in their

1 identifiable proceeds and identifiable products in their  
2 unmanufactured states also has priority, if:

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

5 (2) The purchase-money secured party sends (~~(an authenticated)~~) a  
6 signed notification to the holder of the conflicting security  
7 interest;

8 (3) The holder of the conflicting security interest receives the  
9 notification within six months before the debtor receives possession  
10 of the livestock; and

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

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

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

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

23 (f) **Software purchase-money priority.** Except as otherwise  
24 provided in subsection (g) of this section, a perfected purchase-  
25 money security interest in software has priority over a conflicting  
26 security interest in the same collateral, and, except as otherwise  
27 provided in RCW 62A.9A-327, a perfected security interest in its  
28 identifiable proceeds also has priority, to the extent that the  
29 purchase-money security interest in the goods in which the software  
30 was acquired for use has priority in the goods and proceeds of the  
31 goods under this section.

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

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

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

1       **Sec. 925.**     RCW 62A.9A-330 and 2000 c 250 s 9A-330 are each  
2 amended to read as follows:

3       (a) **Purchaser's priority: Security interest claimed merely as**  
4 **proceeds.** A purchaser of chattel paper has priority over a security  
5 interest in the chattel paper which is claimed merely as proceeds of  
6 inventory subject to a security interest if:

7       (1) In good faith and in the ordinary course of the purchaser's  
8 business, the purchaser gives new value ~~((and))~~, takes possession of  
9 each authoritative tangible copy of the record evidencing the chattel  
10 paper ~~((or))~~, and obtains control ~~((or))~~ under RCW 62A.9A-105 of each  
11 authoritative electronic copy of the record evidencing the chattel  
12 paper ~~(under RCW 62A.9A-105)~~; and

13       (2) The ~~((chattel paper does))~~ authoritative copies of the record  
14 evidencing the chattel paper do not indicate that ~~((it))~~ the chattel  
15 paper has been assigned to an identified assignee other than the  
16 purchaser.

17       (b) **Purchaser's priority: Other security interests.** A purchaser  
18 of chattel paper has priority over a security interest in the chattel  
19 paper which is claimed other than merely as proceeds of inventory  
20 subject to a security interest if the purchaser gives new value  
21 ~~((and))~~, takes possession of each authoritative tangible copy of the  
22 record evidencing the chattel paper ~~((or))~~, and obtains control  
23 ~~((or))~~ under RCW 62A.9A-105 of each authoritative electronic copy of  
24 the record evidencing the chattel paper ~~(under RCW 62A.9A-105)~~ in  
25 good faith, in the ordinary course of the purchaser's business, and  
26 without knowledge that the purchase violates the rights of the  
27 secured party.

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

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

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

36       (d) **Instrument purchaser's priority.** Except as otherwise provided  
37 in RCW 62A.9A-331(a), a purchaser of an instrument has priority over  
38 a security interest in the instrument perfected by a method other  
39 than possession if the purchaser gives value and takes possession of

1 the instrument in good faith and without knowledge that the purchase  
2 violates the rights of the secured party.

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

7 (f) **Indication of assignment gives knowledge.** For purposes of  
8 subsections (b) and (d) of this section, if the authoritative copies  
9 of the record evidencing chattel paper or an instrument indicate(~~s~~)  
10 that (~~it~~) the chattel paper or instrument has been assigned to an  
11 identified secured party other than the purchaser, a purchaser of the  
12 chattel paper or instrument has knowledge that the purchase violates  
13 the rights of the secured party.

14 **Sec. 926.** RCW 62A.9A-332 and 2000 c 250 s 9A-332 are each  
15 amended to read as follows:

16 (a) **Transferee of tangible money.** A transferee of tangible money  
17 takes the money free of a security interest (~~unless the transferee~~  
18 ~~acts~~) if the transferee receives possession of the money without  
19 acting in collusion with the debtor in violating the rights of the  
20 secured party.

21 (b) **Transferee of funds from deposit account.** A transferee of  
22 funds from a deposit account takes the funds free of a security  
23 interest in the deposit account (~~unless the transferee acts~~) if the  
24 transferee receives possession of the money without acting in  
25 collusion with the debtor in violating the rights of the secured  
26 party.

27 (c) **Transferee of electronic money.** A transferee of electronic  
28 money takes the money free of a security interest if the transferee  
29 obtains control of the money without acting in collusion with the  
30 debtor in violating the rights of the secured party.

31 **Sec. 927.** RCW 62A.9A-334 and 2001 c 32 s 32 are each amended to  
32 read as follows:

33 (a) **Security interest in fixtures under this Article.** A security  
34 interest under this Article may be created in goods that are fixtures  
35 or may continue in goods that become fixtures. A security interest  
36 does not exist under this Article in ordinary building materials  
37 incorporated into an improvement on land.

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

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

9 (d) **Fixtures purchase-money priority.** Except as otherwise  
10 provided in subsection (h) of this section, a perfected security  
11 interest in fixtures has priority over a conflicting interest of an  
12 encumbrancer or owner of the real property if the debtor has an  
13 interest of record in, or is in possession of, the real property and:

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

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

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

19 (e) **Priority of security interest in fixtures over interests in**  
20 **real property.** A perfected security interest in fixtures has priority  
21 over a conflicting interest of an encumbrancer or owner of the real  
22 property if:

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

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

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

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

32 (A) Factory or office machines;

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

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

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



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

5 (1) The encumbrancer or owner has, in ((an—authenticated)) a  
6 signed record, consented to the security interest or disclaimed an  
7 interest in the goods as fixtures; or

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

10 (g) **Continuation of subsection (f) (2) priority.** The priority of  
11 the security interest under subsection (f) (2) of this section  
12 continues for a reasonable time if the debtor's right to remove the  
13 goods as against the encumbrancer or owner terminates.

14 (h) **Priority of construction mortgage.** A mortgage is a  
15 construction mortgage to the extent that it secures an obligation  
16 incurred for the construction of an improvement on land, including  
17 the acquisition cost of the land, if a recorded record of the  
18 mortgage so indicates. Except as otherwise provided in subsections  
19 (e) and (f) of this section, a security interest in fixtures is  
20 subordinate to a construction mortgage if a record of the mortgage is  
21 recorded before the goods become fixtures and the goods become  
22 fixtures before the completion of the construction. A mortgage has  
23 this priority to the same extent as a construction mortgage to the  
24 extent that it is given to refinance a construction mortgage.

25 (i) **Priority of security interest in crops.** A perfected security  
26 interest in crops growing on real property has priority over a  
27 conflicting interest of an encumbrancer or owner of the real property  
28 if the debtor has an interest of record in or is in possession of the  
29 real property.

30 (j) **Subsection (i) prevails.** Subsection (i) of this section  
31 prevails over inconsistent provisions of any other statute except RCW  
32 60.11.050.

33 **Sec. 928.** RCW 62A.9A-341 and 2000 c 250 s 9A-341 are each  
34 amended to read as follows:

35 Except as otherwise provided in RCW 62A.9A-340(c), and unless the  
36 bank otherwise agrees in ((an—authenticated)) a signed record, a  
37 bank's rights and duties with respect to a deposit account maintained  
38 with the bank are not terminated, suspended, or modified by:

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

5 **Sec. 929.** RCW 62A.9A-404 and 2000 c 250 s 9A-404 are each  
6 amended to read as follows:

7 (a) **Assignee's rights subject to terms, claims, and defenses;**  
8 **exceptions.** Unless an account debtor has made an enforceable  
9 agreement not to assert defenses or claims, and subject to  
10 subsections (b) through (e) of this section, the rights of an  
11 assignee are subject to:

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

15 (2) Any other defense or claim of the account debtor against the  
16 assignor which accrues before the account debtor receives a  
17 notification of the assignment (~~authenticated~~) signed by the  
18 assignor or the assignee.

19 (b) **Account debtor's claim reduces amount owed to assignee.**  
20 Subject to subsection (c) of this section, and except as otherwise  
21 provided in subsection (d) of this section, the claim of an account  
22 debtor against an assignor may be asserted against an assignee under  
23 subsection (a) of this section only to reduce the amount the account  
24 debtor owes.

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

29 (d) **Omission of required statement in consumer transaction.** In a  
30 consumer transaction, if a record evidences the account debtor's  
31 obligation, law other than this Article requires that the record  
32 include a statement to the effect that the account debtor's recovery  
33 against an assignee with respect to claims and defenses against the  
34 assignor may not exceed amounts paid by the account debtor under the  
35 record, and the record does not include such a statement, the extent  
36 to which a claim of an account debtor against the assignor may be  
37 asserted against an assignee is determined as if the record included  
38 such a statement.

1 (e) **Inapplicability to health-care-insurance receivable.** This  
2 section does not apply to an assignment of a health-care-insurance  
3 receivable.

4 **Sec. 930.** RCW 62A.9A-406 and 2011 c 74 s 301 are each amended to  
5 read as follows:

6 (a) **Discharge of account debtor; effect of notification.** Subject  
7 to subsections (b) through ~~((+j+))~~ (k) of this section, an account  
8 debtor on an account, chattel paper, or a payment intangible may  
9 discharge its obligation by paying the assignor until, but not after,  
10 the account debtor receives a notification, ~~((authenticated))~~ signed  
11 by the assignor or the assignee, that the amount due or to become due  
12 has been assigned and that payment is to be made to the assignee.  
13 After receipt of the notification, the account debtor may discharge  
14 its obligation by paying the assignee and may not discharge the  
15 obligation by paying the assignor.

16 (b) **When notification ineffective.** Subject to subsection (h) of  
17 this section, notification is ineffective under subsection (a) of  
18 this section:

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

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

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

27 (A) Only a portion of the account, chattel paper, or payment  
28 intangible has been assigned to that assignee;

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

30 (C) The account debtor knows that the assignment to that assignee  
31 is limited.

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

38 (d) **Term restricting assignment generally ineffective.** In this  
39 subsection, "promissory note" includes a negotiable instrument that

1 evidences chattel paper. Except as otherwise provided in subsections  
2 (e) and (k) of this section and RCW 62A.2A-303 and 62A.9A-407, and  
3 subject to subsections (h) and (j) of this section, a term in an  
4 agreement between an account debtor and an assignor or in a  
5 promissory note is ineffective to the extent that it:

6 (1) Prohibits, restricts, or requires the consent of the account  
7 debtor or person obligated on the promissory note to the assignment  
8 or transfer of, or the creation, attachment, perfection, or  
9 enforcement of a security interest in, the account, chattel paper,  
10 payment intangible, or promissory note; or

11 (2) Provides that the assignment or transfer or the creation,  
12 attachment, perfection, or enforcement of the security interest may  
13 give rise to a default, breach, right of recoupment, claim, defense,  
14 termination, right of termination, or remedy under the account,  
15 chattel paper, payment intangible, or promissory note.

16 (e) **Inapplicability of subsection (d) of this section to certain**  
17 **sales.** Subsection (d) of this section does not apply to the sale of a  
18 payment intangible or promissory note, other than a sale pursuant to  
19 a disposition under RCW 62A.9A-610 or an acceptance of collateral  
20 under RCW 62A.9A-620.

21 (f) [Reserved.]

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

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

29 (i) **Inapplicability to health-care-insurance receivable.** This  
30 section does not apply to an assignment of a health-care-insurance  
31 receivable.

32 (j)(1) **Inapplicability of subsection (d) of this section to**  
33 **certain transactions.** After July 1, 2003, subsection (d) of this  
34 section does not apply to the assignment or transfer of or creation  
35 of a security interest in:

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

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

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

3 (k) **Inapplicability to interests in certain entities.** Subsection  
4 (d) of this section does not apply to a security interest in an  
5 ownership interest in a general partnership, limited partnership, or  
6 limited liability company.

7 **Sec. 931.** RCW 62A.9A-408 and 2011 c 74 s 302 are each amended to  
8 read as follows:

9 (a) **Term restricting assignment generally ineffective.** Except as  
10 otherwise provided in subsections (b) and (f) of this section, a term  
11 in a promissory note or in an agreement between an account debtor and  
12 a debtor which relates to a health-care-insurance receivable or a  
13 general intangible, including a contract, permit, license, or  
14 franchise, and which term prohibits, restricts, or requires the  
15 consent of the person obligated on the promissory note or the account  
16 debtor to, the assignment or transfer of, or creation, attachment, or  
17 perfection of a security interest in, the promissory note, health-  
18 care-insurance receivable, or general intangible, is ineffective to  
19 the extent that the term:

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

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

27 (b) **Applicability of subsection (a) of this section to sales of**  
28 **certain rights to payment.** Subsection (a) of this section applies to  
29 a security interest in a payment intangible or promissory note only  
30 if the security interest arises out of a sale of the payment  
31 intangible or promissory note, other than a sale pursuant to a  
32 disposition under RCW 62A.9A-610 or an acceptance of collateral under  
33 RCW 62A.9A-620.

34 (c) **Legal restrictions on assignment generally ineffective.** ((A))  
35 Except as otherwise provided in subsection (f) of this section, a  
36 rule of law, statute, or regulation that prohibits, restricts, or  
37 requires the consent of a government, governmental body or official,  
38 person obligated on a promissory note, or account debtor to the  
39 assignment or transfer of, or creation of a security interest in, a

1 promissory note, health-care-insurance receivable, or general  
2 intangible, including a contract, permit, license, or franchise  
3 between an account debtor and a debtor, is ineffective to the extent  
4 that the rule of law, statute, or regulation:

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

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

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

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

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

26 (3) Does not require the person obligated on the promissory note  
27 or the account debtor to recognize the security interest, pay or  
28 render performance to the secured party, or accept payment or  
29 performance from the secured party;

30 (4) Does not entitle the secured party to use or assign the  
31 debtor's rights under the promissory note, health-care-insurance  
32 receivable, or general intangible, including any related information  
33 or materials furnished to the debtor in the transaction giving rise  
34 to the promissory note, health-care-insurance receivable, or general  
35 intangible;

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

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

4 (e)(1) **Inapplicability of subsections (a) and (c) of this section**  
5 **to certain payment intangibles.** After July 1, 2003, subsections (a)  
6 and (c) of this section do not apply to the assignment or transfer of  
7 or creation of a security interest in:

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

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

12 (2) This subsection will not affect a transfer of structured  
13 settlement payment rights under chapter 19.205 RCW.

14 (f) **Inapplicability to interests in certain entities.** This  
15 section does not apply to a security interest in an ownership  
16 interest in a general partnership, limited partnership, or limited  
17 liability company.

18 (g) **"Promissory note."** In this section, "promissory note"  
19 includes a negotiable instrument that evidences chattel paper.

20 **Sec. 932.** RCW 62A.9A-509 and 2001 c 32 s 36 are each amended to  
21 read as follows:

22 (a) **Person entitled to file record.** A person may file an initial  
23 financing statement, amendment that adds collateral covered by a  
24 financing statement, or amendment that adds a debtor to a financing  
25 statement only if:

26 (1) The debtor authorizes the filing in ((an—authenticated)) a  
27 signed record or pursuant to subsection (b) or (c) of this section;  
28 or

29 (2) The person holds an agricultural lien that has become  
30 effective at the time of filing and the financing statement covers  
31 only collateral in which the person holds an agricultural lien.

32 (b) **Security agreement as authorization.** By ((authenticating))  
33 signing or becoming bound as debtor by a security agreement, a debtor  
34 or new debtor authorizes the filing of an initial financing  
35 statement, and an amendment, covering:

36 (1) The collateral described in the security agreement; and

37 (2) Property that becomes collateral under RCW 62A.9A-315(a)(2),  
38 whether or not the security agreement expressly covers proceeds.

1 (c) **Acquisition of collateral as authorization.** By acquiring  
2 collateral in which a security interest or agricultural lien  
3 continues under RCW 62A.9A-315(a)(1), a debtor authorizes the filing  
4 of an initial financing statement, and an amendment, covering the  
5 collateral and property that becomes collateral under RCW  
6 62A.9A-315(a)(2).

7 (d) **Person entitled to file certain amendments.** A person may file  
8 an amendment other than an amendment that adds collateral covered by  
9 a financing statement or an amendment that adds a debtor to a  
10 financing statement only if:

11 (1) The secured party of record authorizes the filing; or

12 (2) The amendment is a termination statement for a financing  
13 statement as to which the secured party of record has failed to file  
14 or send a termination statement as required by RCW 62A.9A-513 (a) or  
15 (c), the debtor authorizes the filing, and the termination statement  
16 indicates that the debtor authorized it to be filed.

17 (e) **Multiple secured parties of record.** If there is more than one  
18 secured party of record for a financing statement, each secured party  
19 of record may authorize the filing of an amendment under subsection  
20 (d) of this section.

21 **Sec. 933.** RCW 62A.9A-513 and 2001 c 32 s 37 are each amended to  
22 read as follows:

23 (a) **Consumer goods.** A secured party shall cause the secured party  
24 of record for a financing statement to file a termination statement  
25 for the financing statement if the financing statement covers  
26 consumer goods and:

27 (1) There is no obligation secured by the collateral covered by  
28 the financing statement and no commitment to make an advance, incur  
29 an obligation, or otherwise give value; or

30 (2) The debtor did not authorize the filing of the initial  
31 financing statement.

32 (b) **Time for compliance with subsection (a) of this section.** To  
33 comply with subsection (a) of this section, a secured party shall  
34 cause the secured party of record to file the termination statement:

35 (1) Within one month after there is no obligation secured by the  
36 collateral covered by the financing statement and no commitment to  
37 make an advance, incur an obligation, or otherwise give value; or

38 (2) If earlier, within (~~twenty~~) 20 days after the secured party  
39 receives (~~an authenticated~~) a signed demand from a debtor.



1 (c) **Other collateral.** In cases not governed by subsection (a) of  
2 this section, within (~~twenty~~) 20 days after a secured party  
3 receives (~~an authenticated~~) a signed demand from a debtor, the  
4 secured party shall cause the secured party of record for a financing  
5 statement to send to the debtor a termination statement for the  
6 financing statement or file the termination statement in the filing  
7 office if:

8 (1) Except in the case of a financing statement covering accounts  
9 or chattel paper that has been sold or goods that are the subject of  
10 a consignment, there is no obligation secured by the collateral  
11 covered by the financing statement and no commitment to make an  
12 advance, incur an obligation, or otherwise give value;

13 (2) The financing statement covers accounts or chattel paper that  
14 has been sold but as to which the account debtor or other person  
15 obligated has discharged its obligation;

16 (3) The financing statement covers goods that were the subject of  
17 a consignment to the debtor but are not in the debtor's possession;  
18 or

19 (4) The debtor did not authorize the filing of the initial  
20 financing statement.

21 (d) **Effect of filing termination statement.** Except as otherwise  
22 provided in RCW 62A.9A-510, upon the filing of a termination  
23 statement with the filing office, the financing statement to which  
24 the termination statement relates ceases to be effective. Except as  
25 otherwise provided in RCW 62A.9A-510, for purposes of RCW  
26 62A.9A-519(g), 62A.9A-522(a), and 62A.9A-523(c), the filing with the  
27 filing office of a termination statement relating to a financing  
28 statement that indicates that the debtor is a transmitting utility  
29 also causes the effectiveness of the financing statement to lapse.

30 **Sec. 934.** RCW 62A.9A-601 and 2012 c 214 s 1518 are each amended  
31 to read as follows:

32 (a) **Rights of secured party after default.** After default, a  
33 secured party has the rights provided in this part and, except as  
34 otherwise provided in RCW 62A.9A-602, those provided by agreement of  
35 the parties. A secured party:

36 (1) May reduce a claim to judgment, foreclose, or otherwise  
37 enforce the claim, security interest, or agricultural lien by any  
38 available judicial procedure; and

1 (2) If the collateral is documents, may proceed either as to the  
2 documents or as to the goods they cover.

3 (b) **Rights and duties of secured party in possession or control.**  
4 A secured party in possession of collateral or control of collateral  
5 under RCW 62A.7-106, 62A.9A-104, 62A.9A-105, 62A.9A-106, or  
6 62A.9A-107 or section 904 of this act has the rights and duties  
7 provided in RCW 62A.9A-207.

8 (c) **Rights cumulative; simultaneous exercise.** The rights under  
9 subsections (a) and (b) of this section are cumulative and may be  
10 exercised simultaneously.

11 (d) **Rights of debtor and obligor.** Except as otherwise provided in  
12 subsection (g) of this section and RCW 62A.9A-605, after default, a  
13 debtor and an obligor have the rights provided in this part and by  
14 agreement of the parties.

15 (e) **Lien of levy after judgment.** If a secured party has reduced  
16 its claim to judgment, the lien of any levy that may be made upon the  
17 collateral by virtue of an execution based upon the judgment relates  
18 back to the earliest of:

19 (1) The date of perfection of the security interest or  
20 agricultural lien in the collateral;

21 (2) The date of filing a financing statement covering the  
22 collateral; or

23 (3) Any date specified in a statute under which the agricultural  
24 lien was created.

25 (f) **Execution sale.** A sale pursuant to an execution is a  
26 foreclosure of the security interest or agricultural lien by judicial  
27 procedure within the meaning of this section. A secured party may  
28 purchase at the sale and thereafter hold the collateral free of any  
29 other requirements of this Article.

30 (g) **Consignor or buyer of certain rights to payment.** Except as  
31 otherwise provided in RCW 62A.9A-607(c), this part imposes no duties  
32 upon a secured party that is a consignor or is a buyer of accounts,  
33 chattel paper, payment intangibles, or promissory notes.

34 (h) **Enforcement restrictions.** All rights and remedies provided in  
35 this part with respect to promissory notes or an agreement between an  
36 account debtor and a debtor which relates to a health-care-insurance  
37 receivable or a general intangible, including a contract, permit,  
38 license, or franchise, are subject to RCW 62A.9A-408 to the extent  
39 applicable.

1       **Sec. 935.** RCW 62A.9A-608 and 2001 c 32 s 41 are each amended to  
2 read as follows:

3       (a) **Application of proceeds, surplus, and deficiency if**  
4 **obligation secured.** If a security interest or agricultural lien  
5 secures payment or performance of an obligation, the following rules  
6 apply:

7       (1) A secured party shall apply or pay over for application the  
8 cash proceeds of collection or enforcement under RCW 62A.9A-607 in  
9 the following order to:

10       (A) The reasonable expenses of collection and enforcement and, to  
11 the extent provided for by agreement and not prohibited by law,  
12 reasonable attorneys' fees and legal expenses incurred by the secured  
13 party;

14       (B) The satisfaction of obligations secured by the security  
15 interest or agricultural lien under which the collection or  
16 enforcement is made; and

17       (C) The satisfaction of obligations secured by any subordinate  
18 security interest in or other lien on the collateral subject to the  
19 security interest or agricultural lien under which the collection or  
20 enforcement is made if the secured party receives (~~an~~  
21 ~~authenticated~~) a signed demand for proceeds before distribution of  
22 the proceeds is completed.

23       (2) If requested by a secured party, a holder of a subordinate  
24 security interest or other lien shall furnish reasonable proof of the  
25 interest or lien within a reasonable time. Unless the holder  
26 complies, the secured party need not comply with the holder's demand  
27 under (1)(C) of this subsection.

28       (3) A secured party need not apply or pay over for application  
29 noncash proceeds of collection and enforcement under RCW 62A.9A-607  
30 unless the failure to do so would be commercially unreasonable. A  
31 secured party that applies or pays over for application noncash  
32 proceeds shall do so in a commercially reasonable manner.

33       (4) A secured party shall account to and pay a debtor for any  
34 surplus, and the obligor is liable for any deficiency.

35       (b) **No surplus or deficiency in sales of certain rights to**  
36 **payment.** If the underlying transaction is a sale of accounts, chattel  
37 paper, payment intangibles, or promissory notes, the debtor is not  
38 entitled to any surplus, and the obligor is not liable for any  
39 deficiency.

1       **Sec. 936.** RCW 62A.9A-611 and 2011 c 74 s 724 are each amended to  
2 read as follows:

3       (a) **"Notification date."** In this section, "notification date"  
4 means the earlier of the date on which:

5       (1) A secured party sends to the debtor and any secondary obligor  
6 an (~~authenticated~~) a signed notification of disposition; or

7       (2) The debtor and any secondary obligor waive the right to  
8 notification.

9       (b) **Notification of disposition required.** Except as otherwise  
10 provided in subsection (d) of this section, a secured party that  
11 disposes of collateral under RCW 62A.9A-610 shall send to the persons  
12 specified in subsection (c) of this section a reasonable  
13 (~~authenticated~~) signed notification of disposition.

14       (c) **Persons to be notified.** To comply with subsection (b) of this  
15 section, the secured party shall send (~~an authenticated~~) a signed  
16 notification of disposition to:

17       (1) The debtor;

18       (2) Any secondary obligor; and

19       (3) If the collateral is other than consumer goods:

20       (A) Any other secured party or lienholder that, (~~ten~~) 10 days  
21 before the notification date, held a security interest in or other  
22 lien on the collateral perfected by the filing of a financing  
23 statement that:

24       (i) Identified the collateral;

25       (ii) Was indexed under the debtor's name as of that date; and

26       (iii) Was filed in the office in which to file a financing  
27 statement against the debtor covering the collateral as of that date;  
28 and

29       (B) Any other secured party that, (~~ten~~) 10 days before the  
30 notification date, held a security interest in the collateral  
31 perfected by compliance with a statute, regulation, or treaty  
32 described in RCW 62A.9A-311(a).

33       (d) **Subsection (b) of this section inapplicable: Perishable**  
34 **collateral; recognized market.** Subsection (b) of this section does  
35 not apply if the collateral is perishable or threatens to decline  
36 speedily in value or is of a type customarily sold on a recognized  
37 market.

38       (e) **Compliance with subsection (c) (3) (A) of this section.** A  
39 secured party complies with the requirement for notification  
40 prescribed by subsection (c) (3) (A) of this section if:

1 (1) Not later than (~~twenty~~) 20 days or earlier than (~~thirty~~)  
2 30 days before the notification date, the secured party requests, in  
3 a commercially reasonable manner, information concerning financing  
4 statements indexed under the debtor's name in the office indicated in  
5 subsection (c) (3) (A) of this section; and

6 (2) Before the notification date, the secured party:  
7 (A) Did not receive a response to the request for information; or  
8 (B) Received a response to the request for information and sent  
9 (~~an authenticated~~) a signed notification of disposition to each  
10 secured party or other lienholder named in that response whose  
11 financing statement covered the collateral.

12 **Sec. 937.** RCW 62A.9A-613 and 2001 c 32 s 42 are each amended to  
13 read as follows:

14 (a) Contents and form of notification. Except in a consumer-goods  
15 transaction, the following rules apply:

16 (1) The contents of a notification of disposition are sufficient  
17 if the notification:

18 (A) Describes the debtor and the secured party;  
19 (B) Describes the collateral that is the subject of the intended  
20 disposition;  
21 (C) States the method of intended disposition;  
22 (D) States that the debtor is entitled to an accounting of the  
23 unpaid indebtedness and states the charge, if any, for an accounting;  
24 and

25 (E) States the time and place of a public disposition or the time  
26 after which any other disposition is to be made.

27 (2) Whether the contents of a notification that lacks any of the  
28 information specified in subsection (1) of this section are  
29 nevertheless sufficient is a question of fact.

30 (3) The contents of a notification providing substantially the  
31 information specified in subsection (1) of this section are  
32 sufficient, even if the notification includes:

33 (A) Information not specified by subsection (1) of this section;  
34 or  
35 (B) Minor errors that are not seriously misleading.

36 (4) A particular phrasing of the notification is not required.

37 (5) The following form of notification and the form appearing in  
38 RCW 62A.9A-614(a)(3), when completed in accordance with the

1 instructions in subsection (b) of this section and RCW 62A.9A-614(b),  
2 each provides sufficient information:

3 **NOTIFICATION OF DISPOSITION**  
4 **OF COLLATERAL**

5 ~~((To:        [Name of debtor, obligor, or other person to which the~~  
6 ~~notification is sent]~~

7 ~~From:            [Name, address, and telephone number of secured~~  
8 ~~party]~~

9 ~~Name of Debtor(s):            [Include only if debtor(s) are not an~~  
10 ~~addressee]~~

11 ~~{For a public disposition:}~~

12 ~~We will sell [or lease or license, as applicable] the~~  
13 ~~[describe collateral]        [to the highest qualified bidder] in~~  
14 ~~public as follows:~~

15 ~~Day and Date:~~

16 ~~Time:~~

17 ~~Place:~~

18 ~~{For a private disposition:}~~

19 ~~We will sell [or lease or license, as applicable] the~~  
20 ~~[describe collateral]        privately sometime after        [day and~~  
21 ~~date]       .~~

22 ~~You are entitled to an accounting of the unpaid indebtedness~~  
23 ~~secured by the property that we intend to sell [or lease or license,~~  
24 ~~as applicable] [for a charge of \$                   ]. You may request an~~  
25 ~~accounting by calling us at        [telephone number]       .)~~

26 ~~To:            (Name of debtor, obligor, or other person to which the~~  
27 ~~notification is sent)~~

28 ~~From:            (Name, address, and telephone number of secured~~  
29 ~~party)~~

30 ~~{1} Name of any debtor that is not an addressee: (Name of each~~  
31 ~~debtor)~~

32 ~~{2} We will sell (describe collateral) (to the highest qualified~~  
33 ~~bidder) at public sale. A sale could include a lease or license. The~~  
34 ~~sale will be held as follows:~~

35 ~~(Date)~~

36 ~~(Time)~~

37 ~~(Place)~~

38 ~~{3} We will sell (describe collateral) at private sale sometime~~  
39 ~~after (date). A sale could include a lease or license.~~



1 (D) A telephone number or mailing address from which additional  
2 information concerning the disposition and the obligation secured is  
3 available.

4 (2) A particular phrasing of the notification is not required.

5 (3) The following form of notification, when completed in  
6 accordance with the instructions in subsection (b) of this section,  
7 provides sufficient information:

8 (~~\_\_\_\_[Name and address of secured party]\_\_\_\_~~  
9 ~~\_\_\_\_[Date]\_\_\_\_~~

10 **~~NOTICE OF OUR PLAN TO SELL PROPERTY~~**

11 ~~\_\_\_\_[Name and address of any obligor who is also a debtor]\_\_\_\_~~

12 Subject: ~~\_\_\_\_[Identification of Transaction]\_\_\_\_~~

13 We have your ~~\_\_\_\_[describe collateral]\_\_\_\_~~, because you broke promises  
14 in our agreement.

15 ~~[For a public disposition:]~~

16 We will sell ~~\_\_\_\_[describe collateral]\_\_\_\_~~ at public sale. A sale could  
17 include a lease or license. The sale will be held as follows:

18 Date: ~~\_\_\_\_\_~~

19 Time: ~~\_\_\_\_\_~~

20 Place: ~~\_\_\_\_\_~~

21 You may attend the sale and bring bidders if you want.

22 ~~[For a private disposition:]~~

23 We will sell ~~\_\_\_\_[describe collateral]\_\_\_\_~~ at private sale sometime  
24 after ~~\_\_\_\_[date]\_\_\_\_~~. A sale could include a lease or license.

25 The money that we get from the sale (after paying our costs) will  
26 reduce the amount you owe. If we get less money than you owe, you  
27 ~~\_\_\_\_[will or will not, as applicable]\_\_\_\_~~ still owe us the difference.  
28 If we get more money than you owe, you will get the extra money,  
29 unless we must pay it to someone else.

30 You can get the property back at any time before we sell it by paying  
31 us the full amount you owe (not just the past due payments),  
32 including our expenses. To learn the exact amount you must pay, call  
33 us at ~~\_\_\_\_[telephone number]\_\_\_\_~~.

34 If you want us to explain to you in writing how we have figured the  
35 amount that you owe us, you may call us at ~~\_\_\_\_[telephone number]\_\_\_\_~~  
36 ~~[or write us at \_\_\_\_\_[secured party's address]\_\_\_\_\_]~~ and request a  
37 written explanation. [We will charge you \$ \_\_\_\_\_ for the



1 ~~explanation if we sent you another written explanation of the amount~~  
2 ~~you owe us within the last six months.]~~

3 ~~If you need more information about the sale call us at \_\_\_\_\_ [telephone~~  
4 ~~number] \_\_\_\_\_ [or write us at \_\_\_\_\_ [secured party's address] \_\_\_\_\_].~~

5 ~~We are sending this notice to the following other people who have an~~  
6 ~~interest in \_\_\_\_\_ [describe collateral] \_\_\_\_\_ or who owe money under your~~  
7 ~~agreement:~~

8 ~~\_\_\_\_\_ [Names of all other debtors and obligors, if any] \_\_\_\_\_)~~

9 \_\_\_\_\_ (Name and address of secured party)

10 \_\_\_\_\_ (Date)

11 **NOTICE OF OUR PLAN TO SELL PROPERTY**

12 \_\_\_\_\_ (Name and address of any obligor who is also a debtor)

13 Subject: (Identify transaction)

14 We have your \_\_\_\_\_ (describe collateral) \_\_\_\_\_, because you broke  
15 promises in our agreement.

16 {1} We will sell (describe collateral) at public sale. A sale  
17 could include a lease or license. The sale will be held as follows:

18 (Date)

19 (Time)

20 (Place)

21 You may attend the sale and bring bidders if you want.

22 {2} We will sell (describe collateral) at private sale sometime  
23 after (date). A sale could include a lease or license.

24 {3} The money that we get from the sale, after paying our costs,  
25 will reduce the amount you owe. If we get less money than you owe,  
26 you (will or will not, as applicable) still owe us the difference. If  
27 we get more money than you owe, you will get the extra money, unless  
28 we must pay it to someone else.

29 {4} You can get the property back at any time before we sell it  
30 by paying us the full amount you owe, not just the past due payments,  
31 including our expenses. To learn the exact amount you must pay, call  
32 us at (telephone number).

33 {5} If you want us to explain to you in (writing) (writing or in  
34 (description of electronic record)) (description of electronic  
35 record) how we have figured the amount that you owe us, {6} call us  
36 at (telephone number) (or) (write us at (secured party's address))  
37 (or contact us by (description of electronic communication method))  
38 {7} and request (a written explanation) (a written explanation or an

1 explanation in (description of electronic record)) (an explanation in  
2 (description of electronic record)).

3 {8} We will charge you \$ (amount) for the explanation if we sent  
4 you another written explanation of the amount you owe us within the  
5 last six months.

6 {9} If you need more information about the sale (call us at  
7 (telephone number)) (or) (write us at (secured party's address)) (or  
8 contact us by (description of electronic communication method)).

9 {10} We are sending this notice to the following other people who  
10 have an interest in (describe collateral) or who owe money under your  
11 agreement:

12 (Names of all other debtors and obligors, if any)

13 **[End of Form]**

14 **(b) Instructions for form of notification.** The following  
15 instructions apply to the form of notification in subsection (a)(3)  
16 of this section:

17 (1) The instructions in this subsection refer to the numbers in  
18 braces before items in the form of notification in subsection (a)(3)  
19 of this section. Do not include the numbers or braces in the  
20 notification. The numbers and braces are used only for the purpose of  
21 these instructions.

22 (2) Include and complete either item {1}, if the notification  
23 relates to a public disposition of the collateral, or item {2}, if  
24 the notification relates to a private disposition of the collateral.

25 (3) Include and complete items {3}, {4}, {5}, {6}, and {7}.

26 (4) In item {5}, include and complete any one of the three  
27 alternative methods for the explanation—writing, writing or  
28 electronic record, or electronic record.

29 (5) In item {6}, include the telephone number. In addition, the  
30 sender may include and complete either or both of the two additional  
31 alternative methods of communication—writing or electronic  
32 communication—for the recipient of the notification to communicate  
33 with the sender. Neither of the two additional methods of  
34 communication is required to be included.

35 (6) In item {7}, include and complete the method or methods for  
36 the explanation—writing, writing or electronic record, or electronic  
37 record—included in item {5}.

38 (7) Include and complete item {8} only if a written explanation  
39 is included in item {5} as a method for communicating the explanation

1 and the sender will charge the recipient for another written  
2 explanation.

3 (8) In item {9}, include either the telephone number or the  
4 address or both the telephone number and the address. In addition,  
5 the sender may include and complete the additional method of  
6 communication—electronic communication—for the recipient of the  
7 notification to communicate with the sender. The additional method of  
8 electronic communication is not required to be included.

9 (9) If item {10} does not apply, insert "None" after  
10 "agreement:".

11 ~~((4))~~ (c)(1) A notification in the form of ~~((subsection))~~  
12 subsection (a)(3) of this section is sufficient, even if additional  
13 information appears at the end of the form.

14 ~~((5))~~ (2) A notification in the form of ~~((subsection))~~  
15 subsection (a)(3) of this section is sufficient, even if it includes  
16 errors in information not required by ~~((subsection))~~ subsection (a)  
17 (1) of this section, unless the error is misleading with respect to  
18 rights arising under this Article.

19 ~~((6))~~ (3) If a notification under this section is not in the  
20 form of ~~((subsection))~~ subsection (a)(3) of this section, law other  
21 than this Article determines the effect of including information not  
22 required by ~~((subsection))~~ subsection (a)(1) of this section.

23 **Sec. 939.** RCW 62A.9A-615 and 2001 c 32 s 43 are each amended to  
24 read as follows:

25 (a) **Application of proceeds.** A secured party shall apply or pay  
26 over for application the cash proceeds of disposition under RCW  
27 62A.9A-610 in the following order to:

28 (1) The reasonable expenses of retaking, holding, preparing for  
29 disposition, processing, and disposing, and, to the extent provided  
30 for by agreement and not prohibited by law, reasonable attorneys'  
31 fees and legal expenses incurred by the secured party;

32 (2) The satisfaction of obligations secured by the security  
33 interest or agricultural lien under which the disposition is made;

34 (3) The satisfaction of obligations secured by any subordinate  
35 security interest in or other subordinate lien on the collateral if:

36 (A) The secured party receives from the holder of the subordinate  
37 security interest or other lien ~~((an authenticated))~~ a signed demand  
38 for proceeds before distribution of the proceeds is completed; and

1 (B) In a case in which a consignor has an interest in the  
2 collateral, the subordinate security interest or other lien is senior  
3 to the interest of the consignor; and

4 (4) A secured party that is a consignor of the collateral if the  
5 secured party receives from the consignor (~~(an authenticated)~~) a  
6 signed demand for proceeds before distribution of the proceeds is  
7 completed.

8 (b) **Proof of subordinate interest.** If requested by a secured  
9 party, a holder of a subordinate security interest or other lien  
10 shall furnish reasonable proof of the interest or lien within a  
11 reasonable time. Unless the holder does so, the secured party need  
12 not comply with the holder's demand under subsection (a)(3) of this  
13 section.

14 (c) **Application of noncash proceeds.** A secured party need not  
15 apply or pay over for application noncash proceeds of disposition  
16 under RCW 62A.9A-610 unless the failure to do so would be  
17 commercially unreasonable. A secured party that applies or pays over  
18 for application noncash proceeds shall do so in a commercially  
19 reasonable manner.

20 (d) **Surplus or deficiency if obligation secured.** If the security  
21 interest under which a disposition is made secures payment or  
22 performance of an obligation, after making the payments and  
23 applications required by subsection (a) of this section and permitted  
24 by subsection (c) of this section:

25 (1) Unless subsection (a)(4) of this section requires the secured  
26 party to apply or pay over cash proceeds to a consignor, the secured  
27 party shall account to and pay a debtor for any surplus; and

28 (2) The obligor is liable for any deficiency.

29 (e) **No surplus or deficiency in sales of certain rights to**  
30 **payment.** If the underlying transaction is a sale of accounts, chattel  
31 paper, payment intangibles, or promissory notes:

32 (1) The debtor is not entitled to any surplus; and

33 (2) The obligor is not liable for any deficiency.

34 (f) [Reserved.]

35 (g) **Cash proceeds received by junior secured party.** A secured  
36 party that receives cash proceeds of a disposition in good faith and  
37 without knowledge that the receipt violates the rights of the holder  
38 of a security interest or other lien that is not subordinate to the  
39 security interest or agricultural lien under which the disposition is  
40 made:

- 1 (1) Takes the cash proceeds free of the security interest or  
2 other lien;
- 3 (2) Is not obligated to apply the proceeds of the disposition to  
4 the satisfaction of obligations secured by the security interest or  
5 other lien; and
- 6 (3) Is not obligated to account to or pay the holder of the  
7 security interest or other lien for any surplus.

8 **Sec. 940.** RCW 62A.9A-616 and 2000 c 250 s 9A-616 are each  
9 amended to read as follows:

10 (a) **Definitions.** In this section:

11 (1) "Explanation" means a (~~writing~~) record that:

12 (A) States the amount of the surplus or deficiency;

13 (B) Provides an explanation in accordance with subsection (c) of  
14 this section of how the secured party calculated the surplus or  
15 deficiency;

16 (C) States, if applicable, that future debits, credits, charges,  
17 including additional credit service charges or interest, rebates, and  
18 expenses may affect the amount of the surplus or deficiency; and

19 (D) Provides a telephone number or mailing address from which  
20 additional information concerning the transaction is available.

21 (2) "Request" means a record:

22 (A) (~~Authenticated~~) Signed by a debtor or consumer obligor;

23 (B) Requesting that the recipient provide an explanation; and

24 (C) Sent after disposition of the collateral under RCW  
25 62A.9A-610.

26 (b) **Explanation of calculation.** In a consumer-goods transaction  
27 in which the debtor is entitled to a surplus or a consumer obligor is  
28 liable for a deficiency under RCW 62A.9A-615, the secured party  
29 shall:

30 (1) Send an explanation to the debtor or consumer obligor, as  
31 applicable, after the disposition and:

32 (A) Before or when the secured party accounts to the debtor and  
33 pays any surplus or first makes (~~written~~) demand in a record on the  
34 consumer obligor after the disposition for payment of the deficiency;  
35 and

36 (B) Within (~~fourteen~~) 14 days after receipt of a request; or

37 (2) In the case of a consumer obligor who is liable for a  
38 deficiency, within (~~fourteen~~) 14 days after receipt of a request,

1 send to the consumer obligor a record waiving the secured party's  
2 right to a deficiency.

3 (c) **Required information.** To comply with subsection (a)(1)(B) of  
4 this section, (~~(a writing)~~) an explanation must provide the following  
5 information in the following order:

6 (1) The aggregate amount of obligations secured by the security  
7 interest under which the disposition was made, and, if the amount  
8 reflects a rebate of unearned interest or credit service charge, an  
9 indication of that fact, calculated as of a specified date:

10 (A) If the secured party takes or receives possession of the  
11 collateral after default, not more than thirty-five days before the  
12 secured party takes or receives possession; or

13 (B) If the secured party takes or receives possession of the  
14 collateral before default or does not take possession of the  
15 collateral, not more than thirty-five days before the disposition;

16 (2) The amount of proceeds of the disposition;

17 (3) The aggregate amount of the obligations after deducting the  
18 amount of proceeds;

19 (4) The amount, in the aggregate or by type, and types of  
20 expenses, including expenses of retaking, holding, preparing for  
21 disposition, processing, and disposing of the collateral, and  
22 attorneys' fees secured by the collateral which are known to the  
23 secured party and relate to the current disposition;

24 (5) The amount, in the aggregate or by type, and types of  
25 credits, including rebates of interest or credit service charges, to  
26 which the obligor is known to be entitled and which are not reflected  
27 in the amount in (1) of this subsection; and

28 (6) The amount of the surplus or deficiency.

29 (d) **Substantial compliance.** A particular phrasing of the  
30 explanation is not required. An explanation complying substantially  
31 with the requirements of subsection (a) of this section is  
32 sufficient, even if it includes minor errors that are not seriously  
33 misleading.

34 (e) **Charges for responses.** A debtor or consumer obligor is  
35 entitled without charge to one response to a request under this  
36 section during any six-month period in which the secured party did  
37 not send to the debtor or consumer obligor an explanation pursuant to  
38 subsection (b)(1) of this section. The secured party may require  
39 payment of a charge not exceeding twenty-five dollars for each  
40 additional response.

1       **Sec. 941.**     RCW 62A.9A-619 and 2000 c 250 s 9A-619 are each  
2 amended to read as follows:

3       (a) **"Transfer statement."** In this section, "transfer statement"  
4 means a record (~~(authenticated)~~) signed by a secured party stating:

5       (1) That the debtor has defaulted in connection with an  
6 obligation secured by specified collateral;

7       (2) That the secured party has exercised its post-default  
8 remedies with respect to the collateral;

9       (3) That, by reason of the exercise, a transferee has acquired  
10 the rights of the debtor in the collateral; and

11       (4) The name and mailing address of the secured party, debtor,  
12 and transferee.

13       (b) **Effect of transfer statement.** A transfer statement entitles  
14 the transferee to the transfer of record of all rights of the debtor  
15 in the collateral specified in the statement in any official filing,  
16 recording, registration, or certificate-of-title system covering the  
17 collateral. If a transfer statement is presented with the applicable  
18 fee and request form to the official or office responsible for  
19 maintaining the system, the official or office shall:

20       (1) Accept the transfer statement;

21       (2) Promptly amend its records to reflect the transfer; and

22       (3) If applicable, issue a new appropriate certificate of title  
23 in the name of the transferee.

24       (c) **Transfer not a disposition; no relief of secured party's**  
25 **duties.** A transfer of the record or legal title to collateral to a  
26 secured party under subsection (b) of this section or otherwise is  
27 not of itself a disposition of collateral under this Article and does  
28 not of itself relieve the secured party of its duties under this  
29 Article.

30       **Sec. 942.**     RCW 62A.9A-620 and 2000 c 250 s 9A-620 are each  
31 amended to read as follows:

32       (a) **Conditions to acceptance in satisfaction.** A secured party may  
33 accept collateral in full or partial satisfaction of the obligation  
34 it secures only if:

35       (1) The debtor consents to the acceptance under subsection (c) of  
36 this section;

37       (2) The secured party does not receive, within the time set forth  
38 in subsection (d) of this section, a notification of objection to the  
39 proposal (~~(authenticated)~~) signed by:

1 (A) A person to which the secured party was required to send a  
2 proposal under RCW 62A.9A-621; or

3 (B) Any other person, other than the debtor, holding an interest  
4 in the collateral subordinate to the security interest that is the  
5 subject of the proposal; and

6 (3) Subsection (e) of this section does not require the secured  
7 party to dispose of the collateral or the debtor waives the  
8 requirement pursuant to RCW 62A.9A-624.

9 (b) **Purported acceptance ineffective.** A purported or apparent  
10 acceptance of collateral under this section is ineffective unless:

11 (1) The secured party consents to the acceptance in (~~an~~  
12 ~~authenticated~~) a signed record or sends a proposal to the debtor;  
13 and

14 (2) The conditions of subsection (a) of this section are met.

15 (c) **Debtor's consent.** For purposes of this section:

16 (1) A debtor consents to an acceptance of collateral in partial  
17 satisfaction of the obligation it secures only if the debtor agrees  
18 to the terms of the acceptance in a record (~~authenticated~~) signed  
19 after default; and

20 (2) A debtor consents to an acceptance of collateral in full  
21 satisfaction of the obligation it secures only if the debtor agrees  
22 to the terms of the acceptance in a record (~~authenticated~~) signed  
23 after default or the secured party:

24 (A) Sends to the debtor after default a proposal that is  
25 unconditional or subject only to a condition that collateral not in  
26 the possession of the secured party be preserved or maintained;

27 (B) In the proposal, proposes to accept collateral in full  
28 satisfaction of the obligation it secures; and

29 (C) Does not receive a notification of objection  
30 (~~authenticated~~) signed by the debtor within (~~twenty~~) 20 days  
31 after the proposal is sent.

32 (d) **Effectiveness of notification.** To be effective under  
33 subsection (a)(2) of this section, a notification of objection must  
34 be received by the secured party:

35 (1) In the case of a person to which the proposal was sent  
36 pursuant to RCW 62A.9A-621, within (~~twenty~~) 20 days after  
37 notification was sent to that person; and

38 (2) In other cases:

39 (A) Within (~~twenty~~) 20 days after the last notification was  
40 sent pursuant to RCW 62A.9A-621; or



1 (B) If a notification was not sent, before the debtor consents to  
2 the acceptance under subsection (c) of this section.

3 (e) **Mandatory disposition of consumer goods.** A secured party that  
4 has taken possession of collateral shall dispose of the collateral  
5 pursuant to RCW 62A.9A-610 within the time specified in subsection  
6 (f) of this section if:

7 (1) Sixty percent of the cash price has been paid in the case of  
8 a purchase-money security interest in consumer goods; or

9 (2) Sixty percent of the principal amount of the obligation  
10 secured has been paid in the case of a nonpurchase-money security  
11 interest in consumer goods.

12 (f) **Compliance with mandatory disposition requirement.** To comply  
13 with subsection (e) of this section, the secured party shall dispose  
14 of the collateral:

15 (1) Within ninety days after taking possession; or

16 (2) Within any longer period to which the debtor and all  
17 secondary obligors have agreed in an agreement to that effect entered  
18 into and (~~(authenticated)~~) signed after default.

19 **Sec. 943.** RCW 62A.9A-621 and 2011 c 74 s 725 are each amended to  
20 read as follows:

21 (a) **Persons to which proposal to be sent.** A secured party that  
22 desires to accept collateral in full or partial satisfaction of the  
23 obligation it secures shall send its proposal to:

24 (1) Any other secured party or lienholder that, (~~(ten)~~) 10 days  
25 before the debtor consented to the acceptance, held a security  
26 interest in or other lien on the collateral perfected by the filing  
27 of a financing statement that:

28 (A) Identified the collateral;

29 (B) Was indexed under the debtor's name as of that date; and

30 (C) Was filed in the office or offices in which to file a  
31 financing statement against the debtor covering the collateral as of  
32 that date; and

33 (2) Any other secured party that, (~~(ten)~~) 10 days before the  
34 debtor consented to the acceptance, held a security interest in the  
35 collateral perfected by compliance with a statute, regulation, or  
36 treaty described in RCW 62A.9A-311(a).

37 (b) **Proposal to be sent to secondary obligor in partial**  
38 **satisfaction.** A secured party that desires to accept collateral in  
39 partial satisfaction of the obligation it secures shall send its

1 proposal to any secondary obligor in addition to the persons  
2 described in subsection (a) of this section.

3 **Sec. 944.** RCW 62A.9A-624 and 2000 c 250 s 9A-624 are each  
4 amended to read as follows:

5 (a) **Waiver of disposition notification.** A debtor may waive the  
6 right to notification of disposition of collateral under RCW  
7 62A.9A-611 only by an agreement to that effect entered into and  
8 ((authenticated)) signed after default.

9 (b) **Waiver of mandatory disposition.** A debtor may waive the right  
10 to require disposition of collateral under RCW 62A.9A-620(e) only by  
11 an agreement to that effect entered into and ((authenticated)) signed  
12 after default.

13 (c) **Waiver of redemption right.** Except in a consumer-goods  
14 transaction, a debtor or secondary obligor may waive the right to  
15 redeem collateral under RCW 62A.9A-623 only by an agreement to that  
16 effect entered into and ((authenticated)) signed after default.

17 **PART X**

18 NEW SECTION. **Sec. 1001.** Nothing in this act may be construed to  
19 support, endorse, create, or implement a national digital currency.

20 NEW SECTION. **Sec. 1002.** This act takes effect January 1, 2024."

21 Correct the title.

EFFECT: Restores the Uniform Commercial Code's current definition of "money" so that "money" does not explicitly exclude an electronic record that is a medium of exchange recorded and transferable in a system that existed and operated for the medium of exchange before the medium of exchange was authorized or adopted by the government. Removes the newly created Article 12 concerning controllable electronic records and related provisions in Article 9A concerning controllable accounts and controllable payments intangible. Removes transitional provisions for Article 9A and Article 12.

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