

# HOUSE BILL REPORT

## HB 1086

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### As Passed Legislature

**Title:** An act relating to personal property liens and security interests.

**Brief Description:** Revising provisions relating to personal property liens and security interests.

**Sponsors:** Representatives Hickel and Appelwick; by request of Law Revision Commission.

**Brief History:**

**Committee Activity:**

Law & Justice: 1/24/94, 1/31/95 [DP].

**Floor Activity:**

Passed House: 2/17/95, 93-0.

Passed Legislature.

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### HOUSE COMMITTEE ON LAW & JUSTICE

**Majority Report:** Do pass. Signed by 15 members: Representatives Padden, Chair; Delvin, Vice Chair; Hickel, Vice Chair; Appelwick; Costa, Assistant Ranking Member; Carrell; Chappell; Cody; Lambert; McMahan; Morris; Robertson; Sheahan; Smith and Veloria.

**Staff:** Edie Adams (786-7180).

**Background:** Personal property liens that are excluded from Article 9 of the Uniform Commercial Code (UCC), including statutory and common law liens, may be nonjudicially foreclosed under Chapter 60.10 RCW or foreclosed in accordance with the judicial foreclosure procedures found in Chapter 61.12 RCW. Chapter 61.12 RCW provides judicial foreclosure procedures for real estate mortgages and contains one section concerning the foreclosure of personal property liens.

Article 9 of the UCC permits judicial foreclosure of personal property security interests covered by Article 9. However, no judicial foreclosure procedures are provided.

The Law Revision Commission is directed by statute to review the code and make recommended improvements to the Legislature. The commission recommends that

several technical changes be made to provisions relating to personal property lien foreclosures.

**Summary of Bill:** RCW 61.12.162, concerning foreclosure of personal property liens, is rewritten for clarification and is recodified from Chapter 61.12 RCW dealing with real property foreclosure to Chapter 60.10 RCW dealing with personal property foreclosure. Several provisions of the code referring to RCW 61.12.162 are amended to refer to the recodified section.

A new section is added making the judicial foreclosure procedures for real estate mortgages applicable to the foreclosure of personal property security interests covered by Article 9 of the UCC.

A reference to "chattel mortgage" is deleted, and a section concerning chattel mortgages is repealed.

Two sections of the code whose information is incorporated into Section 1 of the bill are decodified.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill corrects the inadvertent deletion of several sections of the Revised Code of Washington relating to personal property liens when the Uniform Commercial Code was adopted.

**Testimony Against:** None.

**Testified:** Marjorie Rombauer, Washington Law Revision Commission (pro).