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**SUBSTITUTE HOUSE BILL 1115**

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**State of Washington**

**63rd Legislature**

**2013 Regular Session**

**By** House Judiciary (originally sponsored by Representatives Pedersen and Rodne; by request of Uniform Laws Commission)

READ FIRST TIME 01/31/13.

1       AN ACT Relating to the Uniform Commercial code; amending RCW  
2 62A.4A-108, 62A.4A-103, 62A.4A-104, 62A.4A-105, 62A.4A-106, 62A.4A-202,  
3 62A.4A-203, 62A.4A-204, 62A.4A-205, 62A.4A-206, 62A.4A-207, 62A.4A-208,  
4 62A.4A-209, 62A.4A-210, 62A.4A-211, 62A.4A-212, 62A.4A-301, 62A.4A-302,  
5 62A.4A-303, 62A.4A-304, 62A.4A-305, 62A.4A-402, 62A.4A-403, 62A.4A-404,  
6 62A.4A-405, 62A.4A-406, 62A.4A-501, 62A.4A-502, 62A.4A-503, 62A.4A-504,  
7 62A.4A-506, 62A.4A-507, 62A.9A-502, and 62A.9A-503; and creating a new  
8 section.

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

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

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

17       (b) This Article applies to a funds transfer that is a remittance  
18 transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec.

1 1693o-1), unless the remittance transfer is an electronic fund transfer  
2 as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec. 1693a).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3       In this Article:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 **Sec. 33.** RCW 62A.9A-502 and 2000 c 250 s 9A-502 are each amended  
9 to read as follows:

10 (a) **Sufficiency of financing statement.** Subject to subsection (b)  
11 of this section, a financing statement is sufficient only if it:

12 (1) Provides the name of the debtor;

13 (2) Provides the name of the secured party or a representative of  
14 the secured party; and

15 (3) Indicates the collateral covered by the financing statement.

16 (b) **Real-property-related financing statements.** Except as  
17 otherwise provided in RCW 62A.9A-501(b), to be sufficient, a financing  
18 statement that covers as-extracted collateral or timber to be cut, or  
19 which is filed as a fixture filing and covers goods that are or are to  
20 become fixtures, must satisfy subsection (a) of this section and also:

21 (1) Indicate that it covers this type of collateral;

22 (2) Indicate that it is to be filed for record in the real property  
23 records;

24 (3) Provide a description of the real property to which the  
25 collateral is related sufficient to give constructive notice of a  
26 mortgage under the law of this state if the description were contained  
27 in a record of the mortgage of the real property; and

28 (4) If the debtor does not have an interest of record in the real  
29 property, provide the name of a record owner.

30 (c) **Record of mortgage as financing statement.** A record of a  
31 mortgage is effective, from the date of recording, as a financing  
32 statement filed as a fixture filing or as a financing statement  
33 covering as-extracted collateral or timber to be cut only if:

34 (1) The record indicates the goods or accounts that it covers;

35 (2) The goods are or are to become fixtures related to the real  
36 property described in the record or the collateral is related to the

1 real property described in the record and is as-extracted collateral or  
2 timber to be cut;

3 (3) The record satisfies the requirements for a financing statement  
4 in this section (~~(other than an indication)~~), but:

5 (A) The record need not indicate that it is to be filed in the real  
6 property records; and

7 (B) The record sufficiently provides the name of a debtor who is an  
8 individual if it provides the individual name of the debtor or the  
9 surname and first personal name of the debtor, even if the debtor is an  
10 individual to whom RCW 62A.9A-503(a)(4) applies; and

11 (4) The record is recorded.

12 (d) **Filing before security agreement or attachment.** A financing  
13 statement may be filed before a security agreement is made or a  
14 security interest otherwise attaches.

15 **Sec. 34.** RCW 62A.9A-503 and 2011 c 74 s 401 are each amended to  
16 read as follows:

17 (a) **Sufficiency of debtor's name.** A financing statement  
18 sufficiently provides the name of the debtor:

19 (1) Except as otherwise provided in (3) of this subsection (a), if  
20 the debtor is a registered organization or the collateral is held in a  
21 trust that is a registered organization, only if the financing  
22 statement provides the name that is stated to be the registered  
23 organization's name on the public organic record most recently filed  
24 with or issued or enacted by the registered organization's jurisdiction  
25 of organization which purports to state, amend, or restate the  
26 registered organization's name;

27 (2) Subject to subsection (f) of this section, if the collateral is  
28 being administered by the personal representative of a decedent, only  
29 if the financing statement provides, as the name of the debtor, the  
30 name of the decedent and, in a separate part of the financing  
31 statement, indicates that the collateral is being administered by a  
32 personal representative;

33 (3) If the collateral is held in a trust that is not a registered  
34 organization, only if the financing statement:

35 (A) Provides, as the name of the debtor:

36 (i) If the organic record of the trust specifies a name for the  
37 trust, the name specified; or

1 (ii) If the organic record of the trust does not specify a name for  
2 the trust, the name of the settlor or testator; and  
3 (B) In a separate part of the financing statement:  
4 (i) If the name is provided in accordance with (3)(A)(i) of this  
5 subsection, indicates that the collateral is held in a trust; or  
6 (ii) If the name is provided in accordance with (3)(A)(ii) of this  
7 subsection, provides additional information sufficient to distinguish  
8 the trust from other trusts having one or more of the same settlors or  
9 the same testator and indicates that the collateral is held in a trust,  
10 unless the additional information so indicates;  
11 (4) Subject to subsection (g) of this section, if the debtor is an  
12 individual to whom this state has issued a driver's license or  
13 identification card that has not expired, only if the financing  
14 statement (~~(~~  
15 ~~(A) Provides the individual name of the debtor;~~  
16 ~~(B) Provides the surname and first personal name of the debtor; or~~  
17 ~~(C) Subject to subsection (g) of this section,~~) provides the name  
18 of the individual which is indicated on ((a)) the driver's license or  
19 identification card (~~(that this state has issued to the individual and~~  
20 ~~which has not expired))~~);  
21 (5) If the debtor is an individual to whom (4) of this subsection  
22 (a) does not apply, only if the financing statement provides the  
23 individual name of the debtor or the surname and first personal name of  
24 the debtor; and  
25 ((+5)) (6) In other cases:  
26 (A) If the debtor has a name, only if the financing statement  
27 provides the organizational name of the debtor; and  
28 (B) If the debtor does not have a name, only if the financing  
29 statement provides the names of the partners, members, associates, or  
30 other persons comprising the debtor, in a manner that each name  
31 provided would be sufficient if the person named were the debtor.  
32 (b) **Additional debtor-related information.** A financing statement  
33 that provides the name of the debtor in accordance with subsection (a)  
34 of this section is not rendered ineffective by the absence of:  
35 (1) A trade name or other name of the debtor; or  
36 (2) Unless required under subsection ((+a)(5)(B)) (a)(6)(B) of  
37 this section, names of partners, members, associates, or other persons  
38 comprising the debtor.

1 (c) **Debtor's trade name insufficient.** A financing statement that  
2 provides only the debtor's trade name does not sufficiently provide the  
3 name of the debtor.

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

7 (e) **Multiple debtors and secured parties.** A financing statement  
8 may provide the name of more than one debtor and the name of more than  
9 one secured party.

10 (f) **Name of decedent.** The name of the decedent indicated on the  
11 order appointing the personal representative of the decedent issued by  
12 the court having jurisdiction over the collateral is sufficient as the  
13 "name of the decedent" under subsection (a)(2) of this section.

14 (g) **Multiple driver's licenses.** If this state has issued to an  
15 individual more than one driver's license or identification card of a  
16 kind described in subsection (a)(4) of this section, the one that was  
17 issued most recently is the one to which subsection (a)(4) of this  
18 section refers.

19 (h) **Definition.** In this section, the "name of the settlor or  
20 testator" means:

21 (1) If the settlor is a registered organization, the name that is  
22 stated to be the settlor's name on the public organic record most  
23 recently filed with or issued or enacted by the settlor's jurisdiction  
24 of organization which purports to state, amend, or restate the  
25 settlor's name; or

26 (2) In other cases, the name of the settlor or testator indicated  
27 in the trust's organic record.

28 NEW SECTION. **Sec. 35.** Section captions as used in this act are  
29 law.

--- END ---