

SENATE BILL REPORT

SB 5077

AS PASSED SENATE, FEBRUARY 25, 1991

Brief Description: Perfecting certain security interests upon recording.

SPONSORS: Senators Nelson and Rasmussen.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators Nelson, Chairman; Erwin, Hayner, L. Kreidler, Newhouse, Rasmussen, and A. Smith.

Staff: Ben Barnes (786-7465)

Hearing Dates: February 5, 1991

BACKGROUND:

In 1988, the Bankruptcy Court for the Western District of Washington held that an assignment of rents taken as security for a loan is an unperfected lien until the lender takes possession of the rents or has a receiver appointed. In 1989, the Legislature passed an act providing that the assignment of rents and loans for security are perfected as of the time of recording and no further action is required by the holder to perfect the security interest.

The 1989 legislation does not have a retroactive effect on assignment of rents.

SUMMARY:

Assignment of rents and loans for security are perfected as of the time of recording and no further action is required by the holder to perfect the security interest even if recorded before July 23, 1989, the effective date of the 1989 legislation.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The bill expresses the Legislature's original intent that the 1989 amendments governing assignments of rent apply retroactively.

TESTIMONY AGAINST: None

TESTIFIED: Larry Shannon, Washington Mortgage Bankers Association
(pro)