

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE HOUSE BILL 1492

Chapter 74, Laws of 2011

62nd Legislature
2011 Regular Session

UNIFORM COMMERCIAL CODE ARTICLE 9A

EFFECTIVE DATE: 07/01/13

Passed by the House March 1, 2011
Yeas 96 Nays 1

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 5, 2011
Yeas 49 Nays 0

BRAD OWEN

President of the Senate

Approved April 14, 2011, 10:48 a.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1492** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

April 14, 2011

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE HOUSE BILL 1492

Passed Legislature - 2011 Regular Session

State of Washington

62nd Legislature

2011 Regular Session

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

READ FIRST TIME 02/15/11.

1 AN ACT Relating to the Uniform Commercial Code Article 9A on
2 secured transactions; amending RCW 62A.9A-102, 62A.9A-105, 62A.9A-307,
3 62A.9A-311, 62A.9A-316, 62A.9A-317, 62A.9A-326, 62A.9A-406, 62A.9A-408,
4 62A.9A-503, 62A.9A-507, 62A.9A-515, 62A.9A-516, 62A.9A-518, 62A.9A-521,
5 62A.9A-607, 62A.2A-103, 43.340.050, 60.56.015, 60.11.040, 62A.2A-310,
6 62A.8-103, 62A.9A-209, 62A.9A-309, 62A.9A-310, 62A.9A-313, 62A.9A-320,
7 62A.9A-328, 62A.9A-335, 62A.9A-337, 62A.9A-338, 62A.9A-405, 62A.9A-505,
8 62A.9A-506, 62A.9A-508, 62A.9A-510, 62A.9A-520, 62A.9A-601, 62A.9A-602,
9 62A.9A-611, 62A.9A-621, 62A.9A-625, 62A.9A-628, and 1.08.015; adding
10 new sections to chapter 62A.9A RCW; creating new sections; and
11 providing an effective date.

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

13 **PART 1**

14 **GENERAL PROVISIONS**

15 **SUBPART 1. SHORT TITLE, DEFINITIONS, AND GENERAL CONCEPTS**

16 **Sec. 101.** RCW 62A.9A-102 and 2001 c 32 s 16 are each amended to
17 read as follows:

18 ((-a)) **(1) Article 9A definitions.** In this Article:

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

4 ~~((2)(A))~~ (b)(i) "Account," except as used in "account for," means
5 a right to payment of a monetary obligation, whether or not earned by
6 performance, ~~((i))~~ (A) for property that has been or is to be sold,
7 leased, licensed, assigned, or otherwise disposed of, ~~((ii))~~ (B) for
8 services rendered or to be rendered, ~~((iii))~~ (C) for a policy of
9 insurance issued or to be issued, ~~((iv))~~ (D) for a secondary
10 obligation incurred or to be incurred, ~~((v))~~ (E) for energy provided
11 or to be provided, ~~((vi))~~ (F) for the use or hire of a vessel under
12 a charter or other contract, ~~((vii))~~ (G) arising out of the use of a
13 credit or charge card or information contained on or for use with the
14 card, or ~~((viii))~~ (H) as winnings in a lottery or other game of
15 chance operated or sponsored by a state, governmental unit of a state,
16 or person licensed or authorized to operate the game by a state or
17 governmental unit of a state. The term includes health-care-insurance
18 receivables.

19 ~~((B))~~ (ii) The term does not include ~~((i))~~ (A) rights to
20 payment evidenced by chattel paper or an instrument, ~~((ii))~~ (B)
21 commercial tort claims, ~~((iii))~~ (C) deposit accounts, ~~((iv))~~ (D)
22 investment property, ~~((v))~~ (E) letter-of-credit rights or letters of
23 credit, or ~~((vi))~~ (F) rights to payment for money or funds advanced
24 or sold, other than rights arising out of the use of a credit or charge
25 card or information contained on or for use with the card.

26 ~~((3))~~ (c) "Account debtor" means a person obligated on an
27 account, chattel paper, or general intangible. The term does not
28 include persons obligated to pay a negotiable instrument, even if the
29 instrument constitutes part of chattel paper.

30 ~~((4))~~ (d) "Accounting," except as used in "accounting for," means
31 a record:

32 ~~((A))~~ (i) Authenticated by a secured party;

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

36 ~~((C))~~ (iii) Identifying the components of the obligations in
37 reasonable detail.

1 ((+5+)) (e) "Agricultural lien" means an interest, other than a
2 security interest, in farm products:
3 ((+A+)) (i) Which secures payment or performance of an obligation
4 for:
5 ((+i+)) (A) Goods or services furnished in connection with a
6 debtor's farming operation; or
7 ((+ii+)) (B) Rent on real property leased by a debtor in connection
8 with its farming operation;
9 ((+B+)) (ii) Which is created by statute in favor of a person that:
10 ((+i+)) (A) In the ordinary course of its business, furnished goods
11 or services to a debtor in connection with a debtor's farming
12 operation; or
13 ((+ii+)) (B) Leased real property to a debtor in connection with
14 the debtor's farming operation; and
15 ((+C+)) (iii) Whose effectiveness does not depend on the person's
16 possession of the personal property.
17 ((+6+)) (f) "As-extracted collateral" means:
18 ((+A+)) (i) Oil, gas, or other minerals that are subject to a
19 security interest that:
20 ((+i+)) (A) Is created by a debtor having an interest in the
21 minerals before extraction; and
22 ((+ii+)) (B) Attaches to the minerals as extracted; or
23 ((+B+)) (ii) Accounts arising out of the sale at the wellhead or
24 minehead of oil, gas, or other minerals in which the debtor had an
25 interest before extraction.
26 ((+7+)) (g) "Authenticate" means:
27 ((+A+)) (i) To sign; or
28 ~~((+B+)) To execute or otherwise adopt a symbol, or encrypt or~~
29 ~~similarly process a record in whole or in part, with the present intent~~
30 ~~of the authenticating person to identify the person and adopt or accept~~
31 ~~a record.~~
32 (+8+)) (ii) With present intent to adopt or accept a record, to
33 attach to or logically associate with the record an electronic sound,
34 symbol, or process.
35 (h) "Bank" means an organization that is engaged in the business of
36 banking. The term includes savings banks, savings and loan
37 associations, credit unions, and trust companies.

1 ~~((9))~~ (i) "Cash proceeds" means proceeds that are money, checks,
2 deposit accounts, or the like.

3 ~~((10))~~ (j) "Certificate of title" means a certificate of title
4 with respect to which a statute provides for the security interest in
5 question to be indicated on the certificate as a condition or result of
6 the security interest's obtaining priority over the rights of a lien
7 creditor with respect to the collateral. The term includes another
8 record maintained as an alternative to a certificate of title by the
9 governmental unit that issues certificates of title if a statute
10 permits the security interest in question to be indicated on the record
11 as a condition or result of the security interest's obtaining priority
12 over the rights of a lien creditor with respect to the collateral.

13 ~~((11))~~ (k) "Chattel paper" means a record or records that
14 evidence both a monetary obligation and a security interest in specific
15 goods, a security interest in specific goods and software used in the
16 goods, a security interest in specific goods and license of software
17 used in the goods, a lease of specific goods, or a lease of specific
18 goods and license of software used in the goods. In this subsection,
19 "monetary obligation" means a monetary obligation secured by the goods
20 or owed under a lease of the goods and includes a monetary obligation
21 with respect to software used in the goods. The term "chattel paper"
22 does not include ~~((A))~~ (i) charters or other contracts involving the
23 use or hire of a vessel or ~~((B))~~ (ii) records that evidence a right
24 to payment arising out of the use of a credit or charge card or
25 information contained on or for use with the card. If a transaction is
26 evidenced by records that include an instrument or series of
27 instruments, the group of records taken together constitutes chattel
28 paper.

29 ~~((12))~~ (l) "Collateral" means the property subject to a security
30 interest or agricultural lien. The term includes:

- 31 ~~((A))~~ (i) Proceeds to which a security interest attaches;
- 32 ~~((B))~~ (ii) Accounts, chattel paper, payment intangibles, and
33 promissory notes that have been sold; and
- 34 ~~((C))~~ (iii) Goods that are the subject of a consignment.

35 ~~((13))~~ (m) "Commercial tort claim" means a claim arising in tort
36 with respect to which:

- 37 ~~((A))~~ (i) The claimant is an organization; or
- 38 ~~((B))~~ (ii) The claimant is an individual, and the claim:

1 ~~((+i))~~ (A) Arose in the course of the claimant's business or
2 profession; and

3 ~~((+ii))~~ (B) Does not include damages arising out of personal
4 injury to, or the death of, an individual.

5 ~~((+14))~~ (n) "Commodity account" means an account maintained by a
6 commodity intermediary in which a commodity contract is carried for a
7 commodity customer.

8 ~~((+15))~~ (o) "Commodity contract" means a commodity futures
9 contract, an option on a commodity futures contract, a commodity
10 option, or another contract if the contract or option is:

11 ~~((+A))~~ (i) Traded on or subject to the rules of a board of trade
12 that has been designated as a contract market for such a contract
13 pursuant to federal commodities laws; or

14 ~~((+B))~~ (ii) Traded on a foreign commodity board of trade,
15 exchange, or market, and is carried on the books of a commodity
16 intermediary for a commodity customer.

17 ~~((+16))~~ (p) "Commodity customer" means a person for which a
18 commodity intermediary carries a commodity contract on its books.

19 ~~((+17))~~ (q) "Commodity intermediary" means a person that:

20 ~~((+A))~~ (i) Is registered as a futures commission merchant under
21 federal commodities law; or

22 ~~((+B))~~ (ii) In the ordinary course of its business, provides
23 clearance or settlement services for a board of trade that has been
24 designated as a contract market pursuant to federal commodities law.

25 ~~((+18))~~ (r) "Communicate" means:

26 ~~((+A))~~ (i) To send a written or other tangible record;

27 ~~((+B))~~ (ii) To transmit a record by any means agreed upon by the
28 persons sending and receiving the record; or

29 ~~((+C))~~ (iii) In the case of transmission of a record to or by a
30 filing office, to transmit a record by any means prescribed by filing-
31 office rule.

32 ~~((+19))~~ (s) "Consignee" means a merchant to which goods are
33 delivered in a consignment.

34 ~~((+20))~~ (t) "Consignment" means a transaction, regardless of its
35 form, in which a person delivers goods to a merchant for the purpose of
36 sale and:

37 ~~((+A))~~ (i) The merchant:

1 ~~((i))~~ (A) Deals in goods of that kind under a name other than the
2 name of the person making delivery;
3 ~~((ii))~~ (B) Is not an auctioneer; and
4 ~~((iii))~~ (C) Is not generally known by its creditors to be
5 substantially engaged in selling the goods of others;
6 ~~((B))~~ (ii) With respect to each delivery, the aggregate value of
7 the goods is one thousand dollars or more at the time of delivery;
8 ~~((C))~~ (iii) The goods are not consumer goods immediately before
9 delivery; and
10 ~~((D))~~ (iv) The transaction does not create a security interest
11 that secures an obligation.
12 ~~((21))~~ (u) "Consignor" means a person that delivers goods to a
13 consignee in a consignment.
14 ~~((22))~~ (v) "Consumer debtor" means a debtor in a consumer
15 transaction.
16 ~~((23))~~ (w) "Consumer goods" means goods that are used or bought
17 for use primarily for personal, family, or household purposes.
18 ~~((24))~~ (x) "Consumer-goods transaction" means a consumer
19 transaction in which:
20 ~~((A))~~ (i) An individual incurs a consumer obligation; and
21 ~~((B))~~ (ii) A security interest in consumer goods secures the
22 obligation.
23 ~~((25))~~ (y) "Consumer obligation" means an obligation which:
24 ~~((A))~~ (i) Is incurred as part of a transaction entered into
25 primarily for personal, family, or household purposes; and
26 ~~((B))~~ (ii) Arises from an extension of credit, or commitment to
27 extend credit, in an aggregate amount not exceeding forty thousand
28 dollars, or is secured by personal property used or expected to be used
29 as a principal dwelling.
30 "Consumer obligor" means an obligor who is an individual and who
31 incurred a consumer obligation.
32 ~~((26))~~ (z) "Consumer transaction" means a transaction in which
33 ~~((A))~~ (i) an individual incurs a consumer obligation, ~~((B))~~ (ii) a
34 security interest secures the obligation, and ~~((C))~~ (iii) the
35 collateral is held or acquired primarily for personal, family, or
36 household purposes. The term includes consumer-goods transactions.
37 ~~((27))~~ (aa) "Continuation statement" means an amendment of a
38 financing statement which:

1 ~~((A))~~ (i) Identifies, by its file number, the initial financing
2 statement to which it relates; and

3 ~~((B))~~ (ii) Indicates that it is a continuation statement for, or
4 that it is filed to continue the effectiveness of, the identified
5 financing statement.

6 ~~((28))~~ (bb) "Debtor" means:

7 ~~((A))~~ (i) A person having an interest, other than a security
8 interest or other lien, in the collateral, whether or not the person is
9 an obligor;

10 ~~((B))~~ (ii) A seller of accounts, chattel paper, payment
11 intangibles, or promissory notes; or

12 ~~((C))~~ (iii) A consignee.

13 ~~((29))~~ (cc) "Deposit account" means a demand, time, savings,
14 passbook, or similar account maintained with a bank. The term does not
15 include investment property or accounts evidenced by an instrument.

16 ~~((30))~~ (dd) "Document" means a document of title or a receipt of
17 the type described in RCW 62A.7-201(2).

18 ~~((31))~~ (ee) "Electronic chattel paper" means chattel paper
19 evidenced by a record or records consisting of information stored in an
20 electronic medium.

21 ~~((32))~~ (ff) "Encumbrance" means a right, other than an ownership
22 interest, in real property. The term includes mortgages and other
23 liens on real property.

24 ~~((33))~~ (gg) "Equipment" means goods other than inventory, farm
25 products, or consumer goods.

26 ~~((34))~~ (hh) "Farm products" means goods, other than standing
27 timber, with respect to which the debtor is engaged in a farming
28 operation and which are:

29 ~~((A))~~ (i) Crops grown, growing, or to be grown, including:
30 ~~((i))~~ (A) Crops produced on trees, vines, and bushes; and
31 ~~((ii))~~ (B) Aquatic goods produced in aquacultural operations;

32 ~~((B))~~ (ii) Livestock, born or unborn, including aquatic goods
33 produced in aquacultural operations;

34 ~~((C))~~ (iii) Supplies used or produced in a farming operation; or
35 ~~((D))~~ (iv) Products of crops or livestock in their unmanufactured
36 states.

37 ~~((35))~~ (ii) "Farming operation" means raising, cultivating,

1 propagating, fattening, grazing, or any other farming, livestock, or
2 aquacultural operation.

3 ~~((+36+))~~ (jj) "File number" means the number assigned to an initial
4 financing statement pursuant to RCW 62A.9A-519(a).

5 ~~((+37+))~~ (kk) "Filing office" means an office designated in RCW
6 62A.9A-501 as the place to file a financing statement.

7 ~~((+38+))~~ (ll) "Filing-office rule" means a rule adopted pursuant to
8 RCW 62A.9A-526.

9 ~~((+39+))~~ (mm) "Financing statement" means a record or records
10 composed of an initial financing statement and any filed record
11 relating to the initial financing statement.

12 ~~((+40+))~~ (nn) "Fixture filing" means the filing of a financing
13 statement covering goods that are or are to become fixtures and
14 satisfying RCW 62A.9A-502 (a) and (b). The term includes the filing of
15 a financing statement covering goods of a transmitting utility which
16 are or are to become fixtures.

17 ~~((+41+))~~ (oo) "Fixtures" means goods that have become so related to
18 particular real property that an interest in them arises under real
19 property law.

20 ~~((+42+))~~ (pp) "General intangible" means any personal property,
21 including things in action, other than accounts, chattel paper,
22 commercial tort claims, deposit accounts, documents, goods,
23 instruments, investment property, letter-of-credit rights, letters of
24 credit, money, and oil, gas, or other minerals before extraction. The
25 term includes payment intangibles and software.

26 ~~((+43+))~~ (qq) "Good faith" means honesty in fact and the observance
27 of reasonable commercial standards of fair dealing.

28 ~~((+44+))~~ (rr) "Goods" means all things that are movable when a
29 security interest attaches. The term includes ~~((+A+))~~ (i) fixtures,
30 ~~((+B+))~~ (ii) standing timber that is to be cut and removed under a
31 conveyance or contract for sale, ~~((+C+))~~ (iii) the unborn young of
32 animals, ~~((+D+))~~ (iv) crops grown, growing, or to be grown, even if the
33 crops are produced on trees, vines, or bushes, and ~~((+E+))~~ (v)
34 manufactured homes. The term also includes a computer program embedded
35 in goods and any supporting information provided in connection with a
36 transaction relating to the program if ~~((+i+))~~ (A) the program is
37 associated with the goods in such a manner that it customarily is
38 considered part of the goods, or ~~((+ii+))~~ (B) by becoming the owner of

1 the goods, a person acquires a right to use the program in connection
2 with the goods. The term does not include a computer program embedded
3 in goods that consist solely of the medium in which the program is
4 embedded. The term also does not include accounts, chattel paper,
5 commercial tort claims, deposit accounts, documents, general
6 intangibles, instruments, investment property, letter-of-credit rights,
7 letters of credit, money, or oil, gas, or other minerals before
8 extraction or a manufactured home converted to real property under
9 chapter 65.20 RCW.

10 ~~((45))~~ (ss) "Governmental unit" means a subdivision, agency,
11 department, county, parish, municipality, or other unit of the
12 government of the United States, a state, or a foreign country. The
13 term includes an organization having a separate corporate existence if
14 the organization is eligible to issue debt on which interest is exempt
15 from income taxation under the laws of the United States.

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

19 ~~((47))~~ (uu) "Instrument" means a negotiable instrument or any
20 other writing that evidences a right to the payment of a monetary
21 obligation, is not itself a security agreement or lease, and is of a
22 type that in ordinary course of business is transferred by delivery
23 with any necessary indorsement or assignment. The term does not
24 include ~~((A))~~ (i) investment property, ~~((B))~~ (ii) letters of
25 credit, ~~((C))~~ (iii) writings that evidence a right to payment arising
26 out of the use of a credit or charge card or information contained on
27 or for use with the card, ~~((D))~~ (iv) writings that do not contain a
28 promise or order to pay, or ~~((E))~~ (v) writings that are expressly
29 nontransferable or nonassignable.

30 ~~((48))~~ (vv) "Inventory" means goods, other than farm products,
31 which:

32 ~~((A))~~ (i) Are leased by a person as lessor;

33 ~~((B))~~ (ii) Are held by a person for sale or lease or to be
34 furnished under a contract of service;

35 ~~((C))~~ (iii) Are furnished by a person under a contract of
36 service; or

37 ~~((D))~~ (iv) Consist of raw materials, work in process, or
38 materials used or consumed in a business.

1 ~~((49))~~ (ww) "Investment property" means a security, whether
2 certificated or uncertificated, security entitlement, securities
3 account, commodity contract, or commodity account.

4 ~~((50))~~ (xx) "Jurisdiction of organization," with respect to a
5 registered organization, means the jurisdiction under whose law the
6 organization is formed or organized.

7 ~~((51))~~ (yy) "Letter-of-credit right" means a right to payment or
8 performance under a letter of credit, whether or not the beneficiary
9 has demanded or is at the time entitled to demand payment or
10 performance. The term does not include the right of a beneficiary to
11 demand payment or performance under a letter of credit.

12 ~~((52))~~ (zz) "Lien creditor" means:

13 ~~((A))~~ (i) A creditor that has acquired a lien on the property
14 involved by attachment, levy, or the like;

15 ~~((B))~~ (ii) An assignee for benefit of creditors from the time of
16 assignment;

17 ~~((C))~~ (iii) A trustee in bankruptcy from the date of the filing
18 of the petition; or

19 ~~((D))~~ (iv) A receiver in equity from the time of appointment.

20 ~~((53))~~ (aaa) "Manufactured home" means a manufactured home or
21 mobile home as defined in RCW 46.04.302.

22 ~~((54))~~ (bbb) [Reserved]

23 ~~((55))~~ (ccc) "Mortgage" means a consensual interest in real
24 property, including fixtures, which secures payment or performance of
25 an obligation.

26 ~~((56))~~ (ddd) "New debtor" means a person that becomes bound as
27 debtor under RCW 62A.9A-203(d) by a security agreement previously
28 entered into by another person.

29 ~~((57))~~ (eee) "New value" means ~~((A))~~ (i) money, ~~((B))~~ (ii)
30 money's worth in property, services, or new credit, or ~~((C))~~ (iii)
31 release by a transferee of an interest in property previously
32 transferred to the transferee. The term does not include an obligation
33 substituted for another obligation.

34 ~~((58))~~ (fff) "Noncash proceeds" means proceeds other than cash
35 proceeds.

36 ~~((59))~~ (ggg) "Obligor" means a person that, with respect to an
37 obligation secured by a security interest in or an agricultural lien on
38 the collateral, ~~((A))~~ (i) owes payment or other performance of the

1 obligation, ~~((B))~~ (ii) has provided property other than the
2 collateral to secure payment or other performance of the obligation, or
3 ~~((C))~~ (iii) is otherwise accountable in whole or in part for payment
4 or other performance of the obligation. The term does not include
5 issuers or nominated persons under a letter of credit.

6 ~~((60))~~ (hhh) "Original debtor", except as used in RCW 62A.9A-
7 310~~((e))~~ (3), means a person that, as debtor, entered into a security
8 agreement to which a new debtor has become bound under RCW 62A.9A-
9 203(d).

10 ~~((61))~~ (iii) "Payment intangible" means a general intangible
11 under which the account debtor's principal obligation is a monetary
12 obligation.

13 ~~((62))~~ (jjj) "Person related to," with respect to an individual,
14 means:

15 ~~((A))~~ (i) The spouse or state-registered domestic partner of the
16 individual;

17 ~~((B))~~ (ii) A brother, brother-in-law, sister, or sister-in-law of
18 the individual;

19 ~~((C))~~ (iii) An ancestor or lineal descendant of the individual or
20 the individual's spouse or state-registered domestic partner; or

21 ~~((D))~~ (iv) Any other relative, by blood or by marriage or other
22 law, of the individual or the individual's spouse or state-registered
23 domestic partner who shares the same home with the individual.

24 ~~((63))~~ (kkk) "Person related to," with respect to an
25 organization, means:

26 ~~((A))~~ (i) A person directly or indirectly controlling, controlled
27 by, or under common control with the organization;

28 ~~((B))~~ (ii) An officer or director of, or a person performing
29 similar functions with respect to, the organization;

30 ~~((C))~~ (iii) An officer or director of, or a person performing
31 similar functions with respect to, a person described in ~~((63)(A))~~
32 (kkk)(i) of this subsection;

33 ~~((D))~~ (iv) The spouse or state-registered domestic partner of an
34 individual described in ~~((63)(A), (B), or (C))~~ (kkk)(i), (ii), or
35 (iii) of this subsection; or

36 ~~((E))~~ (v) An individual who is related by blood or by marriage or
37 other law to an individual described in ~~((63)(A), (B), (C), or (D))~~

1 (kkk)(i), (ii), (iii), or (iv) of this subsection and shares the same
2 home with the individual.

3 ~~((+64))~~ (lll) "Proceeds", except as used in RCW 62A.9A-609(b),
4 means the following property:

5 ~~((+A))~~ (i) Whatever is acquired upon the sale, lease, license,
6 exchange, or other disposition of collateral;

7 ~~((+B))~~ (ii) Whatever is collected on, or distributed on account
8 of, collateral;

9 ~~((+C))~~ (iii) Rights arising out of collateral;

10 ~~((+D))~~ (iv) To the extent of the value of collateral, claims
11 arising out of the loss, nonconformity, or interference with the use
12 of, defects or infringement of rights in, or damage to, the collateral;
13 or

14 ~~((+E))~~ (v) To the extent of the value of collateral and to the
15 extent payable to the debtor or the secured party, insurance payable by
16 reason of the loss or nonconformity of, defects or infringement of
17 rights in, or damage to, the collateral.

18 ~~((+65))~~ (mmm) "Promissory note" means an instrument that evidences
19 a promise to pay a monetary obligation, does not evidence an order to
20 pay, and does not contain an acknowledgment by a bank that the bank has
21 received for deposit a sum of money or funds.

22 ~~((+66))~~ (nnn) "Proposal" means a record authenticated by a secured
23 party, which includes the terms on which the secured party is willing
24 to accept collateral in full or partial satisfaction of the obligation
25 it secures pursuant to RCW 62A.9A-620, 62A.9A-621, and 62A.9A-622.

26 ~~((+67))~~ (ooo) "Public-finance transaction" means a secured
27 transaction in connection with which:

28 ~~((+A))~~ (i) Debt securities are issued;

29 ~~((+B))~~ (ii) All or a portion of the securities issued have an
30 initial stated maturity of at least twenty years; and

31 ~~((+C))~~ (iii) The debtor, obligor, secured party, account debtor or
32 other person obligated on collateral, assignor or assignee of a secured
33 obligation, or assignor or assignee of a security interest is a state
34 or a governmental unit of a state.

35 ~~((+68))~~ (ppp) "Public organic record" means a record that is
36 available to the public for inspection and is:

37 (i) A record consisting of the record initially filed with or

1 issued by a state or the United States to form or organize an
2 organization and any record filed with or issued by the state or the
3 United States which amends or restates the initial record;

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

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

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

19 ~~((+69+))~~ (rrr) "Record," except as used in "for record," "of
20 record," "record or legal title," and "record owner," means information
21 that is inscribed on a tangible medium or which is stored in an
22 electronic or other medium and is retrievable in perceivable form.

23 ~~((+70+))~~ (sss) "Registered organization" means an organization
24 formed or organized solely under the law of a single state or the
25 United States ~~((and as to which the state or the United States must~~
26 maintain a public record showing the organization to have been
27 organized)) by the filing of a public organic record with, the issuance
28 of a public organic record by, or the enactment of legislation by the
29 state or the United States. The term includes a business trust that is
30 formed or organized under the law of a single state if a statute of the
31 state governing business trusts requires that the business trust's
32 organic record be filed with the state.

33 ~~((+71+))~~ (ttt) "Secondary obligor" means an obligor to the extent
34 that:

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

36 ~~((+B+))~~ (ii) 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.

1 (~~(72)~~) (uuu) "Secured party" means:
2 (~~(A)~~) (i) A person in whose favor a security interest is created
3 or provided for under a security agreement, whether or not any
4 obligation to be secured is outstanding;
5 (~~(B)~~) (ii) A person that holds an agricultural lien;
6 (~~(C)~~) (iii) A consignor;
7 (~~(D)~~) (iv) A person to which accounts, chattel paper, payment
8 intangibles, or promissory notes have been sold;
9 (~~(E)~~) (v) A trustee, indenture trustee, agent, collateral agent,
10 or other representative in whose favor a security interest or
11 agricultural lien is created or provided for; or
12 (~~(F)~~) (vi) A person that holds a security interest arising under
13 RCW 62A.2-401, 62A.2-505, 62A.2-711(3), 62A.2A-508(5), 62A.4-210, or
14 62A.5-118.
15 (~~(73)~~) (vvv) "Security agreement" means an agreement that creates
16 or provides for a security interest.
17 (~~(74)~~) (www) "Send," in connection with a record or notification,
18 means:
19 (~~(A)~~) (i) To deposit in the mail, deliver for transmission, or
20 transmit by any other usual means of communication, with postage or
21 cost of transmission provided for, addressed to any address reasonable
22 under the circumstances; or
23 (~~(B)~~) (ii) To cause the record or notification to be received
24 within the time that it would have been received if properly sent under
25 (~~(A)~~) (www)(i) of this subsection.
26 (~~(75)~~) (xxx) "Software" means a computer program and any
27 supporting information provided in connection with a transaction
28 relating to the program. The term does not include a computer program
29 that is included in the definition of goods.
30 (~~(76)~~) (yyy) "State" means a state of the United States, the
31 District of Columbia, Puerto Rico, the United States Virgin Islands, or
32 any territory or insular possession subject to the jurisdiction of the
33 United States.
34 (~~(77)~~) (zzz) "Supporting obligation" means a letter-of-credit
35 right or secondary obligation that supports the payment or performance
36 of an account, chattel paper, a document, a general intangible, an
37 instrument, or investment property.

1 ~~((+78+))~~ (aaaa) "Tangible chattel paper" means chattel paper
2 evidenced by a record or records consisting of information that is
3 inscribed on a tangible medium.

4 ~~((+79+))~~ (bbbb) "Termination statement" means an amendment of a
5 financing statement which:

6 ~~((+A+))~~ (i) Identifies, by its file number, the initial financing
7 statement to which it relates; and

8 ~~((+B+))~~ (ii) Indicates either that it is a termination statement or
9 that the identified financing statement is no longer effective.

10 ~~((+80+))~~ (cccc) "Transmitting utility" means a person primarily
11 engaged in the business of:

12 ~~((+A+))~~ (i) Operating a railroad, subway, street railway, or
13 trolley bus;

14 ~~((+B+))~~ (ii) Transmitting communications electrically,
15 electromagnetically, or by light;

16 ~~((+C+))~~ (iii) Transmitting goods by pipeline or sewer; or

17 ~~((+D+))~~ (iv) Transmitting or producing and transmitting
18 electricity, steam, gas, or water.

19 ~~((+b+))~~ (2)Definitions in other Articles. The following
20 definitions in other Articles apply to this Article:

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

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

25 ((+e+)) **(3) Article 1 definitions and principles.** Article 1
26 contains general definitions and principles of construction and
27 interpretation applicable throughout this Article.

28 **Sec. 102.** RCW 62A.9A-105 and 2001 c 32 s 18 are each amended to
29 read as follows:

30 **(1) General rule: Control of electronic chattel paper.** A secured
31 party has control of electronic chattel paper if a system employed for
32 evidencing the transfer of interests in the chattel paper reliably
33 establishes the secured party as the person to which the chattel paper
34 was assigned.

35 **(2) Specific facts giving control.** A system satisfies subsection

1 (1) of this section if the record or records comprising the chattel
2 paper are created, stored, and assigned in such a manner that:

3 ~~((+1))~~ (a) A single authoritative copy of the record or records
4 exists which is unique, identifiable and, except as otherwise provided
5 in ~~((subsections (4), (5), and (6) of this section))~~ (d), (e), and (f)
6 of this subsection, unalterable;

7 ~~((+2))~~ (b) The authoritative copy identifies the secured party as
8 the assignee of the record or records;

9 ~~((+3))~~ (c) The authoritative copy is communicated to and
10 maintained by the secured party or its designated custodian;

11 ~~((+4))~~ (d) Copies or ~~((revisions))~~ amendments that add or change
12 an identified assignee of the authoritative copy can be made only with
13 the ~~((participation))~~ consent of the secured party;

14 ~~((+5))~~ (e) Each copy of the authoritative copy and any copy of a
15 copy is readily identifiable as a copy that is not the authoritative
16 copy; and

17 ~~((+6))~~ (f) Any ~~((revision))~~ amendment of the authoritative copy is
18 readily identifiable as ~~((an))~~ authorized or unauthorized ~~((revision))~~.

19 PART 2

20 PERFECTION AND PRIORITY

21 SUBPART 1. LAW GOVERNING PERFECTION AND PRIORITY

22 **Sec. 201.** RCW 62A.9A-307 and 2000 c 250 s 9A-307 are each amended
23 to read as follows:

24 ~~((+a))~~ (1) **"Place of business."** In this section, "place of
25 business" means a place where a debtor conducts its affairs.

26 ~~((+b))~~ (2) **Debtor's location: General rules.** Except as otherwise
27 provided in this section, the following rules determine a debtor's
28 location:

29 ~~((+1))~~ (a) A debtor who is an individual is located at the
30 individual's principal residence.

31 ~~((+2))~~ (b) A debtor that is an organization and has only one place
32 of business is located at its place of business.

33 ~~((+3))~~ (c) A debtor that is an organization and has more than one
34 place of business is located at its chief executive office.

35 ~~((+e))~~ (3) **Limitation of applicability of subsection (2) of this**
36 **section.** Subsection ~~((+b))~~ (2) of this section applies only if a

1 debtor's residence, place of business, or chief executive office, as
2 applicable, is located in a jurisdiction whose law generally requires
3 information concerning the existence of a nonpossessory security
4 interest to be made generally available in a filing, recording, or
5 registration system as a condition or result of the security interest's
6 obtaining priority over the rights of a lien creditor with respect to
7 the collateral. If subsection ~~((b))~~ (2) of this section does not
8 apply, the debtor is located in the District of Columbia.

9 ~~((d))~~ (4) **Continuation of location: Cessation of existence, etc.**

10 A person that ceases to exist, have a residence, or have a place of
11 business continues to be located in the jurisdiction specified by
12 subsections ~~((b) and (c))~~ (2) and (3) of this section.

13 ~~((e))~~ (5) **Location of registered organization organized under**
14 **state law.** A registered organization that is organized under the law
15 of a state is located in that state.

16 ~~((f))~~ (6) **Location of registered organization organized under**
17 **federal law; bank branches and agencies.** Except as otherwise provided
18 in subsection ~~((i))~~ (9) of this section, a registered organization
19 that is organized under the law of the United States and a branch or
20 agency of a bank that is not organized under the law of the United
21 States or a state are located:

22 ~~((1))~~ (a) In the state that the law of the United States
23 designates, if the law designates a state of location;

24 ~~((2))~~ (b) In the state that the registered organization, branch,
25 or agency designates, if the law of the United States authorizes the
26 registered organization, branch, or agency to designate its state of
27 location, including by designating its main office, home office, or
28 other comparable office; or

29 ~~((3))~~ (c) In the District of Columbia, if neither ~~((1) nor (2))~~
30 (a) or (b) of this subsection applies.

31 ~~((g))~~ (7) **Continuation of location: Change in status of**
32 **registered organization.** A registered organization continues to be
33 located in the jurisdiction specified by subsection ~~((e) or (f))~~ (5)
34 or (6) of this section notwithstanding:

35 ~~((1))~~ (a) The suspension, revocation, forfeiture, or lapse of the
36 registered organization's status as such in its jurisdiction of
37 organization; or

1 ((+2)) (b) The dissolution, winding up, or cancellation of the
2 existence of the registered organization.

3 ((+h)) (8)Location of United States. The United States is
4 located in the District of Columbia.

5 ((+i)) (9)Location of foreign bank branch or agency if licensed
6 in only one state. A branch or agency of a bank that is not organized
7 under the law of the United States or a state is located in the state
8 in which the branch or agency is licensed, if all branches and agencies
9 of the bank are licensed in only one state.

10 ((+j)) (10)Location of foreign air carrier. A foreign air
11 carrier under the Federal Aviation Act of 1958, as amended, is located
12 at the designated office of the agent upon which service of process may
13 be made on behalf of the carrier.

14 ((+k)) (11)Section applies only to this part. This section
15 applies only for purposes of this part.

16 SUBPART 2. PERFECTION

17 **Sec. 202.** RCW 62A.9A-311 and 2010 c 161 s 1151 are each amended to
18 read as follows:

19 ((+a)) (1)Security interest subject to other law. Except as
20 otherwise provided in subsection ((+d)) (4) of this section, the
21 filing of a financing statement is not necessary or effective to
22 perfect a security interest in property subject to:

23 ((+1)) (a) A statute, regulation, or treaty of the United States
24 whose requirements for a security interest's obtaining priority over
25 the rights of a lien creditor with respect to the property preempt RCW
26 62A.9A-310((+a)) (1);

27 ((+2)) (b) RCW 46.12.675 or 88.02.520, or chapter 65.12 RCW; or

28 ((+3)) (c) A ~~((certificate of title))~~ statute of another
29 jurisdiction which provides for a security interest to be indicated on
30 ~~((the))~~ a certificate of title as a condition or result of the security
31 interest's obtaining priority over the rights of a lien creditor with
32 respect to the property.

33 ((+b)) (2) Compliance with other law. Compliance with the
34 requirements of a statute, regulation, or treaty described in
35 subsection ((+a)) (1) of this section for obtaining priority over the
36 rights of a lien creditor is equivalent to the filing of a financing

1 statement under this Article. Except as otherwise provided in
2 subsection ~~((d))~~ (4) of this section, RCW 62A.9A-313, and 62A.9A-316
3 ~~((d) and (e))~~ (4) and (5) for goods covered by a certificate of
4 title, a security interest in property subject to a statute,
5 regulation, or treaty described in subsection ~~((a))~~ (1) of this
6 section may be perfected only by compliance with those requirements,
7 and a security interest so perfected remains perfected notwithstanding
8 a change in the use or transfer of possession of the collateral.

9 ~~((e))~~ (3) **Duration and renewal of perfection.** Except as
10 otherwise provided in subsection ~~((d))~~ (4) of this section and RCW
11 62A.9A-316 ~~((d) and (e))~~ (4) and (5), duration and renewal of
12 perfection of a security interest perfected by compliance with the
13 requirements prescribed by a statute, regulation, or treaty described
14 in subsection ~~((a))~~ (1) of this section are governed by the statute,
15 regulation, or treaty. In other respects, the security interest is
16 subject to this Article.

17 ~~((d))~~ (4) **Inapplicability to certain inventory.** During any
18 period in which collateral subject to RCW ~~((46.12.095))~~ 46.12.675 or
19 88.02.520, or chapter 65.12 RCW is inventory held for sale or lease by
20 a person or leased by that person as lessor and that person is in the
21 business of selling goods of that kind, this section does not apply to
22 a security interest in that collateral created by that person.

23 **Sec. 203.** RCW 62A.9A-316 and 2000 c 250 s 9A-316 are each amended
24 to read as follows:

25 ~~((a))~~ (1) **General rule: Effect on perfection of change in**
26 **governing law.** A security interest perfected pursuant to the law of
27 the jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-305(c)
28 remains perfected until the earliest of:

29 ~~((1))~~ (a) The time perfection would have ceased under the law of
30 that jurisdiction;

31 ~~((2))~~ (b) The expiration of four months after a change of the
32 debtor's location to another jurisdiction; or

33 ~~((3))~~ (c) The expiration of one year after a transfer of
34 collateral to a person that thereby becomes a debtor and is located in
35 another jurisdiction.

36 ~~((b))~~ (2) **Security interest perfected or unperfected under law of**
37 **new jurisdiction.** If a security interest described in subsection

1 ((+a)) (1) of this section becomes perfected under the law of the
2 other jurisdiction before the earliest time or event described in
3 subsection ((+a)) (1) of this section, it remains perfected
4 thereafter. If the security interest does not become perfected under
5 the law of the other jurisdiction before the earliest time or event, it
6 becomes unperfected and is deemed never to have been perfected as
7 against a purchaser of the collateral for value.

8 ((+e)) (3) **Possessory security interest in collateral moved to new**
9 **jurisdiction.** A possessory security interest in collateral, other than
10 goods covered by a certificate of title and as-extracted collateral
11 consisting of goods, remains continuously perfected if:

12 ((+1)) (a) The collateral is located in one jurisdiction and
13 subject to a security interest perfected under the law of that
14 jurisdiction;

15 ((+2)) (b) Thereafter the collateral is brought into another
16 jurisdiction; and

17 ((+3)) (c) Upon entry into the other jurisdiction, the security
18 interest is perfected under the law of the other jurisdiction.

19 ((+d)) (4) **Goods covered by certificate of title from this state.**
20 Except as otherwise provided in subsection ((+e)) (5) of this section,
21 a security interest in goods covered by a certificate of title which is
22 perfected by any method under the law of another jurisdiction when the
23 goods become covered by a certificate of title from this state remains
24 perfected until the security interest would have become unperfected
25 under the law of the other jurisdiction had the goods not become so
26 covered.

27 ((+e)) (5) **When subsection ((+d)) (4) security interest becomes**
28 **unperfected against purchasers.** A security interest described in
29 subsection ((+d)) (4) of this section becomes unperfected as against
30 a purchaser of the goods for value and is deemed never to have been
31 perfected as against a purchaser of the goods for value if the
32 applicable requirements for perfection under RCW 62A.9A-311((+b)) (2)
33 or 62A.9A-313 are not satisfied before the earlier of:

34 ((+1)) (a) The time the security interest would have become
35 unperfected under the law of the other jurisdiction had the goods not
36 become covered by a certificate of title from this state; or

37 ((+2)) (b) The expiration of four months after the goods had
38 become so covered.

1 ~~((f))~~ (6) Change in jurisdiction of bank, issuer, nominated
2 **person, securities intermediary, or commodity intermediary.** A security
3 interest in deposit accounts, letter-of-credit rights, or investment
4 property which is perfected under the law of the bank's jurisdiction,
5 the issuer's jurisdiction, a nominated person's jurisdiction, the
6 securities intermediary's jurisdiction, or the commodity intermediary's
7 jurisdiction, as applicable, remains perfected until the earlier of:

8 ~~((1))~~ (a) The time the security interest would have become
9 unperfected under the law of that jurisdiction; or

10 ~~((2))~~ (b) The expiration of four months after a change of the
11 applicable jurisdiction to another jurisdiction.

12 ~~((g))~~ (7) Subsection ~~((f))~~ (6) of this section security
13 **interest perfected or unperfected under law of new jurisdiction.** If a
14 security interest described in subsection ~~((f))~~ (6) of this section
15 becomes perfected under the law of the other jurisdiction before the
16 earlier of the time or the end of the period described in subsection
17 ~~((f))~~ (6) of this section, it remains perfected thereafter. If the
18 security interest does not become perfected under the law of the other
19 jurisdiction before the earlier of that time or the end of that period,
20 it becomes unperfected and is deemed never to have been perfected as
21 against a purchaser of the collateral for value.

22 (8) **Effect on filed financing statement of change in governing law.**
23 The following rules apply to collateral to which a security interest
24 attaches within four months after the debtor changes its location to
25 another jurisdiction:

26 (a) A financing statement filed before the change pursuant to the
27 law of the jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-
28 305(c) is effective to perfect a security interest in the collateral if
29 the financing statement would have been effective to perfect a security
30 interest in the collateral had the debtor not changed its location.

31 (b) If a security interest perfected by a financing statement that
32 is effective under (a) of this subsection (8) becomes perfected under
33 the law of the other jurisdiction before the earlier of the time the
34 financing statement would have become ineffective under the law of the
35 jurisdiction designated in RCW 62A.9A-301(1) or 62A.9A-305(c) or the
36 expiration of the four-month period, it remains perfected thereafter.
37 If the security interest does not become perfected under the law of the

1 other jurisdiction before the earlier time or event, it becomes
2 unperfected and is deemed never to have been perfected as against a
3 purchaser of the collateral for value.

4 (9) **Effect of change in governing law on financing statement filed**
5 **against original debtor.** If a financing statement naming an original
6 debtor is filed pursuant to the law of the jurisdiction designated in
7 RCW 62A.9A-301(1) or 62A.9A-305(c) and the new debtor is located in
8 another jurisdiction, the following rules apply:

9 (a) The financing statement is effective to perfect a security
10 interest in collateral acquired by the new debtor before, and within
11 four months after, the new debtor becomes bound under RCW 62A.-9A-
12 203(d), if the financing statement would have been effective to perfect
13 a security interest in the collateral had the collateral been acquired
14 by the original debtor.

15 (b) A security interest perfected by the financing statement and
16 which becomes perfected under the law of the other jurisdiction before
17 the earlier of the time the financing statement would have become
18 ineffective under the law of the jurisdiction designated in RCW 62A.9A-
19 301(1) or 62A.9A-305(c) or the expiration of the four-month period
20 remains perfected thereafter. A security interest that is perfected by
21 the financing statement but which does not become perfected under the
22 law of the other jurisdiction before the earlier time or event becomes
23 unperfected and is deemed never to have been perfected as against a
24 purchaser of the collateral for value.

25 SUBPART 3. PRIORITY

26 **Sec. 204.** RCW 62A.9A-317 and 2001 c 32 s 27 are each amended to
27 read as follows:

28 ~~((a))~~ (1) **Conflicting security interests and rights of lien**
29 **creditors.** A security interest or agricultural lien is subordinate to
30 the rights of:

31 ~~((1))~~ (a) A person entitled to priority under RCW 62A.9A-322; and
32 ~~((2))~~ (b) Except as otherwise provided in subsection ~~((e))~~ (5)
33 of this section, a person that becomes a lien creditor before the
34 earlier of the time:

35 ~~((A))~~ (i) The security interest or agricultural lien is
36 perfected; or

1 ~~((B))~~ (ii) One of the conditions specified in RCW 62A.9A-
2 203(b)(3) is met and a financing statement covering the collateral is
3 filed.

4 ~~((b))~~ (2) Buyers that receive delivery. Except as otherwise
5 provided in subsection ~~((e))~~ (5) of this section, a buyer, other than
6 a secured party, of tangible chattel paper, documents, goods,
7 instruments, or a ~~(security certificate)~~ certificated security takes
8 free of a security interest or agricultural lien if the buyer gives
9 value and receives delivery of the collateral without knowledge of the
10 security interest or agricultural lien and before it is perfected.

11 ~~((e))~~ (3) Lessees that receive delivery. Except as otherwise
12 provided in subsection ~~((e))~~ (5) of this section, a lessee of goods
13 takes free of a security interest or agricultural lien if the lessee
14 gives value and receives delivery of the collateral without knowledge
15 of the security interest or agricultural lien and before it is
16 perfected.

17 ~~((d))~~ (4) Licensees and buyers of certain collateral. A licensee
18 of a general intangible or a buyer, other than a secured party, of
19 ~~((accounts, — electronic — chattel — paper, — general — intangibles, — or
20 investment — property))~~ collateral other than tangible chattel paper,
21 tangible documents, goods, instruments, or a certificated security
22 takes free of a security interest if the licensee or buyer gives value
23 without knowledge of the security interest and before it is perfected.

24 ~~((e))~~ (5) Purchase-money security interest. Except as otherwise
25 provided in RCW 62A.9A-320 and 62A.9A-321, if a person files a
26 financing statement with respect to a purchase-money security interest
27 before or within twenty days after the debtor receives delivery of the
28 collateral, the security interest takes priority over the rights of a
29 buyer, lessee, or lien creditor which arise between the time the
30 security interest attaches and the time of filing.

31 **Sec. 205.** RCW 62A.9A-326 and 2000 c 250 s 9A-326 are each amended
32 to read as follows:

33 ~~((a))~~ (1) Subordination of security interest created by new
34 **debtor.** Subject to subsection ~~((b))~~ (2) of this section, a security
35 interest that is created by a new debtor ~~((which is))~~ in collateral in
36 which the new debtor has or acquires rights and is perfected solely by
37 a filed financing statement that ~~((is — effective — solely — under — RCW~~

1 ~~62A.9A-508 in collateral in which a new debtor has or acquires rights))~~
2 would be ineffective to perfect the security interest but for the
3 application of RCW 62A.9A-316(9)(a) or 62A.9A-508 is subordinate to a
4 security interest in the same collateral which is perfected other than
5 by such a filed financing statement (~~that is effective solely under~~
6 ~~RCW 62A.9A-508~~)).

7 ~~((b))~~ (2)Priority under other provisions; multiple original
8 **debtors.** The other provisions of this part determine the priority
9 among conflicting security interests in the same collateral perfected
10 by filed financing statements (~~that are effective solely under RCW~~
11 ~~62A.9A-508~~) described in subsection (1) of this section. However, if
12 the security agreements to which a new debtor became bound as debtor
13 were not entered into by the same original debtor, the conflicting
14 security interests rank according to priority in time of the new
15 debtor's having become bound.

16 PART 3

17 RIGHTS OF THIRD PARTIES

18 **Sec. 301.** RCW 62A.9A-406 and 2003 c 87 s 1 are each amended to
19 read as follows:

20 ~~((a))~~ (1)Discharge of account debtor; effect of notification.
21 Subject to subsections ~~((b))~~ (2) through ~~((j))~~ (10) of this
22 section, an account debtor on an account, chattel paper, or a payment
23 intangible may discharge its obligation by paying the assignor until,
24 but not after, the account debtor receives a notification,
25 authenticated by the assignor or the assignee, that the amount due or
26 to become due has been assigned and that payment is to be made to the
27 assignee. After receipt of the notification, the account debtor may
28 discharge its obligation by paying the assignee and may not discharge
29 the obligation by paying the assignor.

30 ~~((b))~~ (2)When notification ineffective. Subject to subsection
31 ~~((h))~~ (8) of this section, notification is ineffective under
32 subsection ~~((a))~~ (1) of this section:

33 ~~((1))~~ (a) If it does not reasonably identify the rights assigned;
34 ~~((2))~~ (b) To the extent that an agreement between an account
35 debtor and a seller of a payment intangible limits the account debtor's

1 duty to pay a person other than the seller and the limitation is
2 effective under law other than this Article; or

3 ~~((3))~~ (c) At the option of an account debtor, if the notification
4 notifies the account debtor to make less than the full amount of any
5 installment or other periodic payment to the assignee, even if:

6 ~~((A))~~ (i) Only a portion of the account, chattel paper, or
7 payment intangible has been assigned to that assignee;

8 ~~((B))~~ (ii) A portion has been assigned to another assignee; or

9 ~~((C))~~ (iii) The account debtor knows that the assignment to that
10 assignee is limited.

11 ~~((e))~~ (3) Proof of assignment. Subject to subsection ~~((h))~~ (8)
12 of this section, if requested by the account debtor, an assignee shall
13 seasonably furnish reasonable proof that the assignment has been made.
14 Unless the assignee complies, the account debtor may discharge its
15 obligation by paying the assignor, even if the account debtor has
16 received a notification under subsection ~~((a))~~ (1) of this section.

17 ~~((d))~~ (4) Term restricting assignment generally ineffective.
18 Except as otherwise provided in subsection ~~((e))~~ (5) of this section
19 and RCW 62A.2A-303 and 62A.9A-407, and subject to subsections ~~((h))~~
20 (8) and ~~((j))~~ (10) of this section, a term in an agreement between an
21 account debtor and an assignor or in a promissory note is ineffective
22 to the extent that it:

23 ~~((1))~~ (a) Prohibits, restricts, or requires the consent of the
24 account debtor or person obligated on the promissory note to the
25 assignment or transfer of, or the creation, attachment, perfection, or
26 enforcement of a security interest in, the account, chattel paper,
27 payment intangible, or promissory note; or

28 ~~((2))~~ (b) Provides that the assignment or transfer or the
29 creation, attachment, perfection, or enforcement of the security
30 interest may give rise to a default, breach, right of recoupment,
31 claim, defense, termination, right of termination, or remedy under the
32 account, chattel paper, payment intangible, or promissory note.

33 ~~((e))~~ (5) Inapplicability of subsection ~~((d))~~ (4) of this
34 section to certain sales. Subsection ~~((d))~~ (4) of this section does
35 not apply to the sale of a payment intangible or promissory note, other
36 than a sale pursuant to a disposition under RCW 62A.9A-610 or an
37 acceptance of collateral under RCW 62A.9A-620.

38 ~~((f))~~ (6) [Reserved]

1 ~~((g))~~ (7) Subsection ~~((b)(3))~~ (2)(c) of this section not
2 **waivable.** Subject to subsection ~~((h))~~ (8) of this section, an
3 account debtor may not waive or vary its option under subsection
4 ~~((b)(3))~~ (2)(c) of this section.

5 ~~((h))~~ (8) Rule for individual under other law. This section is
6 subject to law other than this Article which establishes a different
7 rule for an account debtor who is an individual and who incurred the
8 obligation primarily for personal, family, or household purposes.

9 ~~((i))~~ (9) Inapplicability to health-care-insurance receivable.
10 This section does not apply to an assignment of a health-care-insurance
11 receivable.

12 ~~((j)(1))~~ (10)(a) Inapplicability of subsection ~~((d))~~ (4) of
13 **this section to certain transactions.** After July 1, 2003, subsection
14 ~~((d))~~ (4) of this section does not apply to the assignment or
15 transfer of or creation of a security interest in:

16 ~~((A))~~ (i) A claim or right to receive compensation for injuries
17 or sickness as described in 26 U.S.C. Sec. 104(a)(1) or (2); or

18 ~~((B))~~ (ii) A claim or right to receive benefits under a special
19 needs trust as described in 42 U.S.C. Sec. 1396p(d)(4).

20 ~~((2))~~ (b) This subsection will not affect a transfer of
21 structured settlement payment rights under chapter 19.205 RCW.

22 **Sec. 302.** RCW 62A.9A-408 and 2003 c 87 s 2 are each amended to
23 read as follows:

24 ~~((a))~~ (1) Term restricting assignment generally ineffective.
25 Except as otherwise provided in subsection ~~((b))~~ (2) of this section,
26 a term in a promissory note or in an agreement between an account
27 debtor and a debtor which relates to a health-care-insurance receivable
28 or a general intangible, including a contract, permit, license, or
29 franchise, and which term prohibits, restricts, or requires the consent
30 of the person obligated on the promissory note or the account debtor
31 to, the assignment or transfer of, or creation, attachment, or
32 perfection of a security interest in, the promissory note, health-care-
33 insurance receivable, or general intangible, is ineffective to the
34 extent that the term:

35 ~~((1))~~ (a) Would impair the creation, attachment, or perfection of
36 a security interest; or

1 ~~((2))~~ (b) Provides that the assignment or transfer or the
2 creation, attachment, or perfection of the security interest may give
3 rise to a default, breach, right of recoupment, claim, defense,
4 termination, right of termination, or remedy under the promissory note,
5 health-care-insurance receivable, or general intangible.

6 ~~((b))~~ (2)Applicability of subsection ~~((a))~~ (1) of this section
7 **to sales of certain rights to payment.** Subsection ~~((a))~~ (1) of this
8 section applies to a security interest in a payment intangible or
9 promissory note only if the security interest arises out of a sale of
10 the payment intangible or promissory note, other than a sale pursuant
11 to a disposition under RCW 62A.9A-610 or an acceptance of collateral
12 under RCW 62A.9A-620.

13 ~~((e))~~ (3)Legal restrictions on assignment generally ineffective.
14 A rule of law, statute, or regulation that prohibits, restricts, or
15 requires the consent of a government, governmental body or official,
16 person obligated on a promissory note, or account debtor to the
17 assignment or transfer of, or creation of a security interest in, a
18 promissory note, health-care-insurance receivable, or general
19 intangible, including a contract, permit, license, or franchise between
20 an account debtor and a debtor, is ineffective to the extent that the
21 rule of law, statute, or regulation:

22 ~~((1))~~ (a) Would impair the creation, attachment, or perfection of
23 a security interest; or

24 ~~((2))~~ (b) Provides that the assignment or transfer or the
25 creation, attachment, or perfection of the security interest may give
26 rise to a default, breach, right of recoupment, claim, defense,
27 termination, right of termination, or remedy under the promissory note,
28 health-care-insurance receivable, or general intangible.

29 ~~((d))~~ (4)Limitation on ineffectiveness under subsections ~~((a))~~
30 (1) and ~~((e))~~ (3) of this section. To the extent that a term in a
31 promissory note or in an agreement between an account debtor and a
32 debtor which relates to a health-care-insurance receivable or general
33 intangible or a rule of law, statute, or regulation described in
34 subsection ~~((e))~~ (3) of this section would be effective under law
35 other than this Article but is ineffective under subsection ~~((a))~~ (1)
36 or ~~((e))~~ (3) of this section, the creation, attachment, or perfection
37 of a security interest in the promissory note, health-care-insurance
38 receivable, or general intangible:

- 1 ~~((+1))~~ (a) Is not enforceable against the person obligated on the
2 promissory note or the account debtor;
- 3 ~~((+2))~~ (b) Does not impose a duty or obligation on the person
4 obligated on the promissory note or the account debtor;
- 5 ~~((+3))~~ (c) Does not require the person obligated on the promissory
6 note or the account debtor to recognize the security interest, pay or
7 render performance to the secured party, or accept payment or
8 performance from the secured party;
- 9 ~~((+4))~~ (d) Does not entitle the secured party to use or assign the
10 debtor's rights under the promissory note, health-care-insurance
11 receivable, or general intangible, including any related information or
12 materials furnished to the debtor in the transaction giving rise to the
13 promissory note, health-care-insurance receivable, or general
14 intangible;
- 15 ~~((+5))~~ (e) Does not entitle the secured party to use, assign,
16 possess, or have access to any trade secrets or confidential
17 information of the person obligated on the promissory note or the
18 account debtor; and
- 19 ~~((+6))~~ (f) Does not entitle the secured party to enforce the
20 security interest in the promissory note, health-care-insurance
21 receivable, or general intangible.
- 22 ~~((+e)+1))~~ **(5)(a)Inapplicability of subsections ~~((+a))~~ (1) and**
23 **~~((+e))~~ (3) of this section to certain payment intangibles.** After July
24 1, 2003, subsections ~~((+a))~~ (1) and ~~((+e))~~ (3) of this section do not
25 apply to the assignment or transfer of or creation of a security
26 interest in:
- 27 ~~((+A))~~ (i) A claim or right to receive compensation for injuries
28 or sickness as described in 26 U.S.C. Sec. 104(a)(1) or (2); or
- 29 ~~((+B))~~ (ii) A claim or right to receive benefits under a special
30 needs trust as described in 42 U.S.C. Sec. 1396p(d)(4).
- 31 ~~((+2))~~ (b) This subsection will not affect a transfer of
32 structured settlement payment rights under chapter 19.205 RCW.

33 **PART 4**

34 **FILING**

35 SUBPART 1. FILING OFFICE; CONTENTS AND

36 EFFECTIVENESS OF FINANCING STATEMENT

1 **Sec. 401.** RCW 62A.9A-503 and 2000 c 250 s 9A-503 are each amended
2 to read as follows:

3 ~~((a))~~ (1) Sufficiency of debtor's name. A financing statement
4 sufficiently provides the name of the debtor:

5 ~~((1))~~ (a) Except as otherwise provided in (c) of this subsection
6 (1), if the debtor is a registered organization or the collateral is
7 held in a trust that is a registered organization, only if the
8 financing statement provides the name ~~((of the debtor indicated))~~ that
9 is stated to be the registered organization's name on the public
10 organic record ~~((of))~~ most recently filed with or issued or enacted by
11 the ~~((debtor's))~~ registered organization's jurisdiction of organization
12 which ~~((shows the debtor to have been organized;~~

13 ~~(2) If the debtor is a decedent's estate))~~ purports to state,
14 amend, or restate the registered organization's name;

15 (b) Subject to subsection (6) of this section, if the collateral is
16 being administered by the personal representative of a decedent, only
17 if the financing statement provides, as the name of the debtor, the
18 name of the decedent and, in a separate part of the financing
19 statement, indicates that the ~~((debtor is an estate;~~

20 ~~(3) If the debtor is a trust or a trustee acting with respect to~~
21 ~~property held in trust, only if the financing statement:~~

22 ~~(A) Provides the name specified for the trust in its organic~~
23 ~~documents or, if no name is specified, provides the name of the settlor~~
24 ~~and additional information sufficient to distinguish the debtor from~~
25 ~~other trusts having one or more of the same settlors; and~~

26 ~~(B) Indicates, in the debtor's name or otherwise, that the debtor~~
27 ~~is a trust or is a trustee acting with respect to property held in~~
28 ~~trust; and~~

29 ~~(4))~~ collateral __ is __ being __ administered __ by __ a __ personal
30 representative;

31 (c) If the collateral is held in a trust that is not a registered
32 organization, only if the financing statement:

33 (i) Provides, as the name of the debtor:

34 (A) If the organic record of the trust specifies a name for the
35 trust, the name specified; or

36 (B) If the organic record of the trust does not specify a name for
37 the trust, the name of the settlor or testator; and

38 (ii) In a separate part of the financing statement:

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

1 ((+e)) (5)Multiple debtors and secured parties. A financing
2 statement may provide the name of more than one debtor and the name of
3 more than one secured party.

4 (6) Name of decedent. The name of the decedent indicated on the
5 order appointing the personal representative of the decedent issued by
6 the court having jurisdiction over the collateral is sufficient as the
7 "name of the decedent" under subsection (1)(b) of this section.

8 (7) Multiple driver's licenses. If this state has issued to an
9 individual more than one driver's license or identification card of a
10 kind described in subsection (1)(d) of this section, the one that was
11 issued most recently is the one to which subsection (1)(d) of this
12 section refers.

13 (8) Definition. In this section, the "name of the settlor or
14 testator" means:

15 (a) If the settlor is a registered organization, the name that is
16 stated to be the settlor's name on the public organic record most
17 recently filed with or issued or enacted by the settlor's jurisdiction
18 of organization which purports to state, amend, or restate the
19 settlor's name; or

20 (b) In other cases, the name of the settlor or testator indicated
21 in the trust's organic record.

22 **Sec. 402.** RCW 62A.9A-507 and 2000 c 250 s 9A-507 are each amended
23 to read as follows:

24 ((+a)) (1)Disposition. A filed financing statement remains
25 effective with respect to collateral that is sold, exchanged, leased,
26 licensed, or otherwise disposed of and in which a security interest or
27 agricultural lien continues, even if the secured party knows of or
28 consents to the disposition.

29 ((+b)) (2)Information becoming seriously misleading. Except as
30 otherwise provided in subsection ((+e)) (3) of this section and RCW
31 62A.9A-508, a financing statement is not rendered ineffective if, after
32 the financing statement is filed, the information provided in the
33 financing statement becomes seriously misleading under RCW 62A.9A-506.

34 ((+e)) (3)Change in debtor's name. If ~~((a-debtor-so-changes~~
35 ~~its))~~ the name that a filed financing statement provides for a debtor
36 becomes insufficient as the name of the debtor under RCW 62A.9A-503(1)

1 so that the financing statement becomes seriously misleading under RCW
2 62A.9A-506:

3 ~~((1))~~ (a) The financing statement is effective to perfect a
4 security interest in collateral acquired by the debtor before, or
5 within four months after, the ~~((change))~~ filed financing statement
6 becomes seriously misleading; and

7 ~~((2))~~ (b) The financing statement is not effective to perfect a
8 security interest in collateral acquired by the debtor more than four
9 months after the ~~((change))~~ filed financing statement becomes seriously
10 misleading, unless an amendment to the financing statement which
11 renders the financing statement not seriously misleading is filed
12 within four months after the ~~((change))~~ filed financing statement
13 becomes seriously misleading.

14 **Sec. 403.** RCW 62A.9A-515 and 2000 c 250 s 9A-515 are each amended
15 to read as follows:

16 ~~((a))~~ (1) **Five-year effectiveness.** Except as otherwise provided
17 in subsections ~~((b), (c), (f), and (g))~~ (2), (5), (6), and (7) of
18 this section, a filed financing statement is effective for a period of
19 five years after the date of filing.

20 ~~((b))~~ (2) [Reserved]

21 ~~((c))~~ (3) **Lapse and continuation of financing statement.** The
22 effectiveness of a filed financing statement lapses on the expiration
23 of the period of its effectiveness unless before the lapse a
24 continuation statement is filed pursuant to subsection ~~((d))~~ (4) of
25 this section. Upon lapse, a financing statement ceases to be effective
26 and any security interest or agricultural lien that was perfected by
27 the financing statement becomes unperfected, unless the security
28 interest is perfected otherwise. If the security interest or
29 agricultural lien becomes unperfected upon lapse, it is deemed never to
30 have been perfected as against a purchaser of the collateral for value.

31 ~~((d))~~ (4) **When continuation statement may be filed.** A
32 continuation statement may be filed only within six months before the
33 expiration of the five-year period specified in subsection ~~((a))~~ (1)
34 of this section or the thirty-year period specified in subsection
35 ~~((b))~~ (2) of this section, whichever is applicable.

36 ~~((e))~~ (5) **Effect of filing continuation statement.** Except as
37 otherwise provided in RCW 62A.9A-510, upon timely filing of a

1 continuation statement, the effectiveness of the initial financing
2 statement continues for a period of five years commencing on the day on
3 which the financing statement would have become ineffective in the
4 absence of the filing. Upon the expiration of the five-year period,
5 the financing statement lapses in the same manner as provided in
6 subsection ~~((e))~~ (3) of this section, unless, before the lapse,
7 another continuation statement is filed pursuant to subsection ~~((d))~~
8 (4) of this section. Succeeding continuation statements may be filed
9 in the same manner to continue the effectiveness of the initial
10 financing statement.

11 ~~((f))~~ (6) **Transmitting utility financing statement.** If a debtor
12 is a transmitting utility and a filed initial financing statement so
13 indicates, the financing statement is effective until a termination
14 statement is filed.

15 ~~((g))~~ (7) **Record of mortgage as financing statement.** A record of
16 a mortgage that is effective as a financing statement filed as a
17 fixture filing under RCW 62A.9A-502(c) remains effective as a financing
18 statement filed as a fixture filing until the mortgage is released or
19 satisfied of record or its effectiveness otherwise terminates as to the
20 real property.

21 **Sec. 404.** RCW 62A.9A-516 and 2001 c 32 s 38 are each amended to
22 read as follows:

23 ~~((a))~~ (1) **What constitutes filing.** Except as otherwise provided
24 in subsection ~~((b))~~ (2) of this section, communication of a record to
25 a filing office and tender of the filing fee or acceptance of the
26 record by the filing office constitutes filing.

27 ~~((b))~~ (2) **Refusal to accept record; filing does not occur.**
28 Filing does not occur with respect to a record that a filing office
29 refuses to accept because:

30 ~~((1))~~ (a) The record is not communicated by a method or medium of
31 communication authorized by the filing office;

32 ~~((2))~~ (b) An amount equal to or greater than the applicable
33 filing fee is not tendered or, in the case of a filing office described
34 in RCW 62A.9A-501(a)(1), an amount equal to the applicable filing fee
35 is not tendered;

36 ~~((3))~~ (c) The filing office is unable to index the record
37 because:

1 ~~((A))~~ (i) In the case of an initial financing statement, the
2 record does not provide a name for the debtor;

3 ~~((B))~~ (ii) In the case of an amendment or ~~((correction))~~
4 information statement, the record:

5 ~~((i))~~ (A) Does not identify the initial financing statement as
6 required by RCW 62A.9A-512 or 62A.9A-518, as applicable; or

7 ~~((ii))~~ (B) Identifies an initial financing statement whose
8 effectiveness has lapsed under RCW 62A.9A-515;

9 ~~((C))~~ (iii) In the case of an initial financing statement that
10 provides the name of a debtor identified as an individual or an
11 amendment that provides a name of a debtor identified as an individual
12 which was not previously provided in the financing statement to which
13 the record relates, the record does not identify the debtor's ~~((last~~
14 ~~name))~~ surname; or

15 ~~((D))~~ (iv) In the case of a record filed or recorded in the
16 filing office described in RCW 62A.9A-501(a)(1), the record does not
17 provide a name for the debtor or a sufficient description of the real
18 property to which the record relates;

19 ~~((4))~~ (d) In the case of an initial financing statement or an
20 amendment that adds a secured party of record, the record does not
21 provide a name and mailing address for the secured party of record;

22 ~~((5))~~ (e) In the case of an initial financing statement or an
23 amendment that provides a name of a debtor which was not previously
24 provided in the financing statement to which the amendment relates, the
25 record does not:

26 ~~((A))~~ (i) Provide a mailing address for the debtor; or

27 ~~((B))~~ (ii) Indicate whether the name provided as the name of the
28 debtor is the name of an individual or an organization; ~~((or~~

29 ~~(C) - If the financing statement indicates that the debtor is an~~
30 ~~organization, provide:~~

31 ~~(i) A type of organization for the debtor;~~

32 ~~(ii) A jurisdiction of organization for the debtor; or~~

33 ~~(iii) An organizational identification number for the debtor or~~
34 ~~indicate that the debtor has none;~~

35 ~~(6))~~ (f) In the case of an assignment reflected in an initial
36 financing statement under RCW 62A.9A-514(a) or an amendment filed under
37 RCW 62A.9A-514(b), the record does not provide a name and mailing
38 address for the assignee; or

1 ~~((7))~~ (g) In the case of a continuation statement, the record is
2 not filed within the six-month period prescribed by RCW
3 62A.9A-515~~((d))~~ (4).

4 ~~((e))~~ (3) Rules applicable to subsection ~~((b))~~ (2) of this
5 **section.** For purposes of subsection ~~((b))~~ (2) of this section:

6 ~~((1))~~ (a) A record does not provide information if the filing
7 office is unable to read or decipher the information; and

8 ~~((2))~~ (b) A record that does not indicate that it is an amendment
9 or identify an initial financing statement to which it relates, as
10 required by RCW 62A.9A-512, 62A.9A-514, or 62A.9A-518, is an initial
11 financing statement.

12 ~~((d))~~ (4) Refusal to accept record; record effective as filed
13 **record.** A record that is communicated to the filing office with tender
14 of the filing fee, but which the filing office refuses to accept for a
15 reason other than one set forth in subsection ~~((b))~~ (2) of this
16 section, is effective as a filed record except as against a purchaser
17 of the collateral which gives value in reasonable reliance upon the
18 absence of the record from the files.

19 **Sec. 405.** RCW 62A.9A-518 and 2000 c 250 s 9A-518 are each amended
20 to read as follows:

21 ~~((a) Correction statement.)~~ (1) Statement with respect to record
22 **indexed under person's name.** A person may file in the filing office
23 ~~((a-correction))~~ an information statement with respect to a record
24 indexed there under the person's name if the person believes that the
25 record is inaccurate or was wrongfully filed.

26 ~~((b) Sufficiency of correction statement. A correction)~~ (2)
27 **Contents of statement under subsection (1) of this section.** An
28 information statement under subsection (1) of this section must:

29 ~~((1))~~ (a) Identify the record to which it relates by the file
30 number assigned to the initial financing statement to which the record
31 relates;

32 ~~((2))~~ (b) Indicate that it is ~~((a-correction))~~ an information
33 statement; and

34 ~~((3))~~ (c) Provide the basis for the person's belief that the
35 record is inaccurate and indicate the manner in which the person
36 believes the record should be amended to cure any inaccuracy or provide
37 the basis for the person's belief that the record was wrongfully filed.

1 (3) Statement by secured party of record. A person may file in the
2 filing office an information statement with respect to a record filed
3 there if the person is a secured party of record with respect to the
4 financing statement to which the record relates and believes that the
5 person that filed the record was not entitled to do so under RCW
6 62A.9A-509(d).

7 (4) Contents of statement under subsection (5) of this section. An
8 information statement under subsection (3) of this section must:

9 (a) Identify the record to which it relates by the file number
10 assigned to the initial financing statement to which the record
11 relates;

12 (b) Indicate that it is an information statement; and

13 (c) Provide the basis for the person's belief that the person that
14 filed the record was not entitled to do so under RCW 62A.9A-509(d).

15 ~~((e))~~ (5) Record not affected by ((correction)) information
16 statement. The filing of ~~((a-correction))~~ an information statement
17 does not affect the effectiveness of an initial financing statement or
18 other filed record.

19 SUBPART 2. DUTIES AND OPERATION OF FILING OFFICE

20 **Sec. 406.** RCW 62A.9A-521 and 2000 c 250 s 9A-521 are each amended
21 to read as follows:

22 ~~((a))~~ (1) Initial financing statement form. A filing office that
23 accepts written records may not refuse to accept a written initial
24 financing statement in the following form and format except for a
25 reason set forth in RCW 62A.9A-516~~((b))~~ (2):

26 ((UCC FINANCING STATEMENT

27 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

28 A. NAME & PHONE OF CONTACT AT FILER {optional}

29
30 B. SEND ACKNOWLEDGMENT TO: (Name and Address)

31
32 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

33 †. DEBTOR'S EXACT FULL LEGAL NAME—insert only one debtor name (1a or 1b)—do not abbreviate or combine names

34 †a. ORGANIZATION'S NAME

35 OR

1 1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
2 1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
3 1d. TAX ID # ADD'L INFO RE 1e. TYPE OF 1f. JURISDICTION OF 1g. ORGANIZATIONAL
4 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any
5 DEBTOR NONE

6 2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME—insert only one debtor name (2a or 2b)—do not abbreviate or combine names

7 2a. ORGANIZATION'S NAME
8 OR

9 2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
10 2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

11 2d. TAX ID # ADD'L INFO RE 2e. TYPE OF 2f. JURISDICTION OF 2g. ORGANIZATIONAL
12 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any
13 DEBTOR NONE

14 3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P)—insert only one secured party name (3a or 3b)

15 3a. ORGANIZATION'S NAME
16 OR

17 3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
18 3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

19 4. This FINANCING STATEMENT covers the following collateral:

20 5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR
21 BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

22 6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

23 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) All Debtors Debtor 1 Debtor 2
24 [Additional Fee] [optional]

25 8. OPTIONAL FILER REFERENCE DATA

26 NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

27 UCC FINANCING STATEMENT ADDENDUM

28 FOLLOW INSTRUCTIONS (front and back) CAREFULLY

29 9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

30 9a. ORGANIZATION'S NAME
31 OR

32 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
33 10. MISCELLANEOUS:

34 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

35 11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME—insert only one name (11a or 11b)—do not abbreviate or combine names

36 11a. ORGANIZATION'S NAME
37 OR

38 11b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
39 11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

1 11d. TAX ID #: ADD'L INFO RE 11e. TYPE OF 11f. JURISDICTION OF 11g. ORGANIZATIONAL
2 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any
3 DEBTOR ☐ NONE

4 12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)
5 12a. ORGANIZATION'S NAME
6 OR
7 12b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
8 12e. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
9 13. This FINANCING STATEMENT covers ☐ timber to be cut or 16. Additional collateral description:
10 ☐ as extracted collateral, or is filed as a ☐ fixture filing.
11 14. Description of real estate:
12 15. Name and address of a RECORD OWNER of above-described real estate
13 (if Debtor does not have a record interest):

14 17. Check only if applicable and check only one box:
15 Debtor is a ☐ Trust or ☐ Trustee acting with respect
16 to property held in trust or ☐ Decedent's Estate
17 18. Check only if applicable and check only one box:
18 ☐ Debtor is a TRANSMITTING UTILITY
19 ☐ Filed in connection with a Manufactured Home
20 Transaction - effective 30 years
21 ☐ Filed in connection with a Public Finance
22 Transaction - effective 30 years

23 NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) (REV. 07/29/98))

24 **UCC FINANCING STATEMENT**

25 **FOLLOW INSTRUCTIONS**

- 26 A. NAME & PHONE OF CONTACT AT FILER (optional)
- 27 B. E-MAIL CONTACT AT FILER (optional)
- 28 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

29 **THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

30 **I. DEBTOR'S NAME - provide only **one** Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)**

31 **1a. ORGANIZATION'S NAME**

32 OR

33 **1b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX**
34 **PERSONAL NAME(S)/INITIAL(S)**
35 **NAME THAT ARE PART OF**
36 **THE NAME OF THIS**
37 **DEBTOR**

1 1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2 2. DEBTOR'S NAME - provide only **one** Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

3 2a. ORGANIZATION'S NAME

4 OR

5 2b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX

6 PERSONAL NAME(S)/INITIAL(S)

7 NAME THAT ARE PART OF

8 THE NAME OF THIS

9 DEBTOR

10

11 2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

12 3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY) - provide only **one** secured party name (3a or 3b)

13 3a. ORGANIZATION'S NAME

14 OR

15 3b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX

16 PERSONAL NAME(S)/INITIAL(S)

17 NAME

18 3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

19 4. COLLATERAL: This Financing Statement covers the following collateral:

20 5. Check **only** if applicable and check **only one** box:

21 Collateral is held in Trust (see Instructions)

22 being administered by a Decedent's

23 Personal Representative.

24 6a. Check **only** if applicable and check **only one** box:

25 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

26 6b. Check **only** if applicable and check **only one** box:

27 Agricultural Lien Non-UCC Filing

28 7. ALTERNATIVE DESIGNATION (if applicable):

29 Cosignee/Cosignor Seller/Buyer Bailee/Bailor Licensee/Licensor

30 Lessee/Lessor

31 8. OPTIONAL FILER REFERENCE DATA

32 [UCC FINANCING STATEMENT (FORM UCC1)] (REV. 09/30/10)

33 **UCC FINANCING STATEMENT ADDENDUM**

34 FOLLOW INSTRUCTIONS

35 9. NAME OF FIRST DEBTOR (same as item 1a or 1b on Financing Statement)

36 9a. ORGANIZATION'S NAME

37 OR

38 9b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX

39 PERSONAL NAME(S)/INITIAL(S)

40 NAME

41 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

42 10. ADDITIONAL DEBTOR'S NAME - provide only **one** Debtor name (10a or 10b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

43 10a. ORGANIZATION'S NAME (exact, full name, without any modifications)

44

- 1 OR
- 2 10b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX
3 PERSONAL NAME(S)/INITIAL(S)
4 NAME THAT ARE PART OF
5 THE NAME OF THIS
6 DEBTOR
- 7
- 8 10c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
- 9 11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME - provide only one name (11a or 11b)
- 10 11a. ORGANIZATION'S NAME
- 11 OR
- 12 11b. INDIVIDUAL'S SURNAME FIRST ADDITIONAL SUFFIX
13 PERSONAL NAME(S)/INITIAL(S)
14 NAME
- 15 11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
- 16 12. ADDITIONAL SPACE FOR ITEM 4 (Collateral)
- 17 13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL
18 ESTATE RECORDS (if applicable)
- 19 14. This FINANCING STATEMENT:
20 covers timber to be cut covers as-extracted collateral is filed as a fixture filing
- 21 15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest)
- 22 16. Description of real estate
- 23 17. Miscellaneous

24 [UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad)] (REV. 09/30/10)

25 ~~((b))~~ (2) **Amendment form.** A filing office that accepts written
26 records may not refuse to accept a written record in the following form
27 and format except for a reason set forth in RCW 62A.9A-516~~((b))~~ (2):

28 ~~((UCC FINANCING STATEMENT AMENDMENT~~
29 ~~FOLLOW INSTRUCTIONS (front and back) CAREFULLY~~

- 30 A. ~~NAME & PHONE OF CONTACT AT FILER (optional)~~
- 31 B. ~~SEND ACKNOWLEDGMENT TO: (Name and Address)~~

32 ~~THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY~~

- 33 1a. ~~INITIAL FINANCING STATEMENT FILE #~~ 1b. ~~This FINANCING STATEMENT AMENDMENT is~~
34 ~~to be filed [for record] (or recorded) in the~~
35 ~~REAL ESTATE RECORDS.~~
- 36 2. ~~TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this~~
37 ~~Termination Statement.~~
- 38 3. ~~CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation~~
39 ~~Statement is continued for the additional period provided by applicable law.~~

1 4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

2 5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes:

3 Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

4 CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name

5 DELETE name: Give record name to be deleted in item 6a or 6b.

6 ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).

7 changed) in item 7a or 7b and/or new address (if address change) in item 7c.

8 6. CURRENT RECORD INFORMATION:

9 6a. ORGANIZATION'S NAME

10 OR

11 6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

12 7. CHANGED (NEW) OR ADDED INFORMATION:

13 7a. ORGANIZATION'S NAME

14 OR

15 7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

16 7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

17 7d. TAX ID #: ADD'L INFO RE 7e. TYPE OF 7f. JURISDICTION OF 7g. ORGANIZATIONAL

18 SSN OR EIN ORGANIZATION ORGANIZATION ORGANIZATION ID #, If any

19 DEBTOR ☐ NONE

20 8. AMENDMENT (COLLATERAL CHANGE): check only one box:

21 Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned.

22 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment

23 authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of

24 DEBTOR authorizing this Amendment.

25 9a. ORGANIZATION'S NAME

26 OR

27 9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

28 10. OPTIONAL FILER REFERENCE DATA

NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 07/29/98)

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

11. INITIAL FINANCING STATEMENT FILE #
(same as item 1a on Amendment form)

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT
(same as item 9 on Amendment form)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

13. Use this space for additional information

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

NATIONAL UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC3Ad) (REV. 07/29/98))

1 **UCC FINANCING STATEMENT AMENDMENT**

2 **FOLLOW INSTRUCTIONS**

3 A. NAME & PHONE OF CONTACT AT FILER (optional)

4 B. E-MAIL CONTACT AT FILER (optional)

5 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

6 **THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

7 1a. INITIAL FINANCING STATEMENT FILE NUMBER

8 1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Filer: **attach** Amendment Addendum
9 (Form UCC3 Ad) **and** provide Debtor's name in item 13.

10 2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this
11 Termination Statement.

12 3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, **and** address of Assignee in item 7c and name of Assignor in item 9. For partial
13 assignment, complete items 7 and 9 **and also** indicate affected collateral in item 8.

14 4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation
15 Statement is continued for the additional period provided by applicable law.

16 5. PARTY INFORMATION CHANGE:

17 Check **one** of these two boxes:

18 This Change affects Debtor or Secured Party of record

19 **AND**

20 Check **one** of these three boxes to:

21 CHANGE name and/or address: Complete item 6a or 6b; **and** item 7a or 7b **and** item 7c.

22 ADD name: Complete item 7a or 7b, **and** item 7c.

23 DELETE name: Give record name to be deleted in item 6a or 6b.

24 6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only **one** name (6a or 6b) (use exact, full name; do not omit, modify, or
25 abbreviate any word in the Debtor's name)

26 6a. ORGANIZATION'S NAME

27 **OR**

28 6b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
29 NAME NAME(S)/INITIAL(S)

30 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only **one** name (7a or 7b) (use exact full name; do not
31 omit, modify, or abbreviate any word in the Debtor's name)

32 7a. ORGANIZATION'S NAME

33 **OR**

34 7b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
35 NAME NAME(S)/INITIAL(S)
36 THAT ARE PART OF
37 THE NAME OF THIS
38 DEBTOR

39 7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

1 8. COLLATERAL CHANGE:
 2 Also check **one** of these four boxes:
 3 ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
 4 Indicate collateral:
 5 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT - provide only one name (9a or 9b) (name of assignor, if this is an
 6 Assignment).
 7 If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor
 8 9a. ORGANIZATION'S NAME
 9 OR
 10 9b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
 11 NAME NAME(S)/INITIAL(S)
 12 10. OPTIONAL FILER REFERENCE DATA

13 UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 09/30/10)

14 **UCC FINANCING STATEMENT AMENDMENT ADDENDUM**

15 FOLLOW INSTRUCTIONS

16 11. INITIAL FINANCING STATEMENT FILE NUMBER (same as item 1a on Amendment form)

17 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on Amendment form)

18 12a. ORGANIZATION'S NAME

19 OR

20 12b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
 21 NAME NAME(S)/INITIAL(S)
 22

23 THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

24 13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see Instruction for
 25 item 13 - insert only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

26 13a. ORGANIZATION'S NAME

27 OR

28 13b. INDIVIDUAL'S SURNAME FIRST PERSONAL ADDITIONAL SUFFIX
 29 NAME NAME(S)/INITIAL(S)
 30

31 14. ADDITIONAL SPACE FOR ITEM 8 (Collateral)

32 15. This FINANCING STATEMENT AMENDMENT:

33 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

34 16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest)

35 17. Description of real estate

36 18. MISCELLANEOUS:
 37

38 UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC1) (REV. 09/30/10)
 39

40

PART 5

41

DEFAULT

1 **Sec. 501.** RCW 62A.9A-607 and 2000 c 250 s 9A-607 are each amended
2 to read as follows:

3 ~~((a))~~ **(1)Collection and enforcement generally.** If so agreed,
4 and in any event after default, a secured party:

5 ~~((1))~~ **(a)** May notify an account debtor or other person obligated
6 on collateral to make payment or otherwise render performance to or for
7 the benefit of the secured party;

8 ~~((2))~~ **(b)** May take any proceeds to which the secured party is
9 entitled under RCW 62A.9A-315;

10 ~~((3))~~ **(c)** May enforce the obligations of an account debtor or
11 other person obligated on collateral and exercise the rights of the
12 debtor with respect to the obligation of the account debtor or other
13 person obligated on collateral to make payment or otherwise render
14 performance to the debtor, and with respect to any property that
15 secures the obligations of the account debtor or other person obligated
16 on the collateral;

17 ~~((4))~~ **(d)** If it holds a security interest in a deposit account
18 perfected by control under RCW 62A.9A-104(a)(1), may apply the balance
19 of the deposit account to the obligation secured by the deposit
20 account; and

21 ~~((5))~~ **(e)** If it holds a security interest in a deposit account
22 perfected by control under RCW 62A.9A-104(a) (2) or (3), may instruct
23 the bank to pay the balance of the deposit account to or for the
24 benefit of the secured party.

25 ~~((b))~~ **(2)Nonjudicial enforcement of mortgage.** If necessary to
26 enable a secured party to exercise, under subsection ~~((a)(3))~~ **(1)(c)**
27 of this section, the right of a debtor to enforce a mortgage
28 nonjudicially, the secured party may record in the office in which a
29 record of the mortgage is recorded the secured party's sworn affidavit
30 stating that:

31 ~~((1))~~ **(a)** Default has occurred ~~((under the security agreement
32 that creates or provides for a security interest in the obligations
33 secured by the mortgage))~~ with respect to the obligation secured by the
34 mortgage;

35 ~~((2))~~ **(b)** A copy of the security agreement that creates or
36 provides for a security interest in the obligations secured by the
37 mortgage is attached to the affidavit; and

1 (~~(3)~~) (c) The secured party is entitled to enforce the mortgage
2 nonjudicially.

3 If the secured party's affidavit and attached copy of the security
4 agreement in the form prescribed by chapter 65.04 RCW are presented
5 with the applicable fee to the office in which a record of the mortgage
6 is recorded, the affidavit and attached copy of the security agreement
7 shall be recorded pursuant to RCW 65.04.030(3).

8 (~~(e)~~) (3) **Commercially reasonable collection and enforcement.** A
9 secured party shall proceed in a commercially reasonable manner if the
10 secured party:

11 (~~(1)~~) (a) Undertakes to collect from or enforce an obligation of
12 an account debtor or other person obligated on collateral; and

13 (~~(2)~~) (b) Is entitled to charge back uncollected collateral or
14 otherwise to full or limited recourse against the debtor or a secondary
15 obligor.

16 (~~(d)~~) (4) **Expenses of collection and enforcement.** A secured
17 party may deduct from the collections made pursuant to subsection
18 (~~(e)~~) (3) of this section reasonable expenses of collection and
19 enforcement, including reasonable attorneys' fees and legal expenses
20 incurred by the secured party.

21 (~~(e)~~) (5) **Duties to secured party not affected.** This section
22 does not determine whether an account debtor, bank, or other person
23 obligated on collateral owes a duty to a secured party.

24 **PART 6**
25 **TRANSITION PROVISIONS FOR 2011 AMENDMENTS**

26 NEW SECTION. **Sec. 601. (1) Preeffective date transactions or**
27 **liens.** Except as otherwise provided in this section or sections 602
28 through 608 of this act, this act applies to a transaction or lien
29 within its scope, even if the transaction or lien was entered into or
30 created before the effective date of this section.

31 (2) **Preeffective date proceedings.** This act does not affect an
32 action, case, or proceeding commenced before the effective date of this
33 section.

34 NEW SECTION. **Sec. 602.** A new section is added to chapter 62A.9A
35 RCW to be codified as RCW 62A.9A-803 to read as follows:

1 **SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE.** (1) **Continuing**
2 **perfection: Perfection requirements satisfied.** A security interest
3 that is a perfected security interest immediately before the effective
4 date of this section is a perfected security interest under chapter
5 62A.9A RCW if, on the effective date of this section, the applicable
6 requirements for attachment and perfection under chapter 62A.9A RCW as
7 of the effective date of this section are satisfied without further
8 action.

9 (2) **Continuing perfection: Perfection requirements not satisfied.**
10 Except as otherwise provided in section 604 of this act, if,
11 immediately before the effective date of this section, a security
12 interest is a perfected security interest, but the applicable
13 requirements for perfection under chapter 62A.9A RCW as of the
14 effective date of this section are not satisfied when this section
15 takes effect, the security interest remains perfected thereafter only
16 if the applicable requirements for perfection under chapter 62A.9A RCW
17 as of the effective date of this section are satisfied within one year
18 after the effective date of this section.

19 NEW SECTION. **Sec. 603.** A new section is added to chapter 62A.9A
20 RCW to be codified as RCW 62A.9A-804 to read as follows:

21 **SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE.** A security
22 interest that is an unperfected security interest immediately before
23 the effective date of this section becomes a perfected security
24 interest:

25 (1) Without further action, on the effective date of this section
26 if the applicable requirements for perfection under chapter 62A.9A RCW
27 are satisfied before or at that time; or

28 (2) When the applicable requirements for perfection are satisfied
29 if the requirements are satisfied after that time.

30 NEW SECTION. **Sec. 604.** A new section is added to chapter 62A.9A
31 RCW to be codified as RCW 62A.9A-805 to read as follows:

32 **EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE.** (1)
33 **Preeffective date filing effective.** The filing of a financing
34 statement before the effective date of this section is effective to
35 perfect a security interest to the extent the filing would satisfy the

1 applicable requirements for perfection under chapter 62A.9A RCW as of
2 the effective date of this section.

3 (2) **When preeffective date filing becomes ineffective.** This act
4 does not render ineffective an effective financing statement that,
5 before the effective date of this section, is filed and satisfies the
6 applicable requirements for perfection under the law of the
7 jurisdiction governing perfection as provided in chapter 62A.9A RCW as
8 it existed before the effective date of this section. However, except
9 as otherwise provided in subsections (3) and (4) of this section and
10 section 605 of this act, the financing statement ceases to be
11 effective:

12 (a) If the financing statement is filed in this state, at the time
13 the financing statement would have ceased to be effective had this
14 section not taken effect; or

15 (b) If the financing statement is filed in another jurisdiction, at
16 the earlier of:

17 (i) The time the financing statement would have ceased to be
18 effective under the law of that jurisdiction; or

19 (ii) June 30, 2018.

20 (3) **Continuation statement.** The filing of a continuation statement
21 after the effective date of this section does not continue the
22 effectiveness of a financing statement filed before the effective date
23 of this section. However, upon the timely filing of a continuation
24 statement after the effective date of this section and in accordance
25 with the law of the jurisdiction governing perfection as provided in
26 chapter 62A.9A RCW as of the effective date of this section, the
27 effectiveness of a financing statement filed in the same office in that
28 jurisdiction before the effective date of this section continues for
29 the period provided by the law of that jurisdiction.

30 (4) **Application of subsection (2)(b)(ii) to transmitting utility**
31 **financing statement.** Subsection (2)(b)(ii) of this section applies to
32 a financing statement that, before the effective date of this section,
33 is filed against a transmitting utility and satisfies the applicable
34 requirements for perfection under the law of the jurisdiction governing
35 perfection as provided in chapter 62A.9A RCW as it existed before the
36 effective date of this section, only to the extent that chapter 62A.9A
37 RCW as of the effective date of this section provides that the law of

1 a jurisdiction other than the jurisdiction in which the financing
2 statement is filed governs perfection of a security interest in
3 collateral covered by the financing statement.

4 (5) **Application of Part 4.** A financing statement that includes a
5 financing statement filed before the effective date of this section and
6 a continuation statement filed after the effective date of this section
7 is effective only to the extent that it satisfies the requirements of
8 RCW 62A.9A-502, 62A.9A-503, 62A.9A-507, 62A.9A-515, 62A.9A-516, 62A.9A-
9 518, and 62A.9A-521 as of the effective date of this section, for an
10 initial financing statement. A financing statement that indicates that
11 the debtor is a decedent's estate indicates that the collateral is
12 being administered by a personal representative within the meaning of
13 RCW 62A.9A-503(1)(b) as of the effective date of this section. A
14 financing statement that indicates that the debtor is a trust or is a
15 trustee acting with respect to property held in trust indicates that
16 the collateral is held in a trust within the meaning of RCW 62A.9A-
17 503(1)(c) as of the effective date of this section.

18 NEW SECTION. **Sec. 605.** A new section is added to chapter 62A.9A
19 RCW to be codified as RCW 62A.9A-806 to read as follows:

20 **WHEN INITIAL FINANCING STATEMENT SUFFICES TO CONTINUE EFFECTIVENESS**
21 **OF FINANCING STATEMENT.** (1) **Initial financing statement in lieu of**
22 **continuation statement.** The filing of an initial financing statement
23 in the office specified in RCW 62A.9A-501 continues the effectiveness
24 of a financing statement filed before the effective date of this
25 section if:

26 (a) The filing of an initial financing statement in that office
27 would be effective to perfect a security interest under chapter 62A.9A
28 RCW as of the effective date of this section;

29 (b) The preeffective date financing statement was filed in an
30 office in another state; and

31 (c) The initial financing statement satisfies subsection (3) of
32 this section.

33 (2) **Period of continued effectiveness.** The filing of an initial
34 financing statement under subsection (1) of this section continues the
35 effectiveness of the preeffective date financing statement:

36 (a) If the initial financing statement is filed before the

1 effective date of this section, for the period provided in RCW 62A.9A-
2 515, as it existed before the effective date of this section with
3 respect to an initial financing statement; and

4 (b) If the initial financing statement is filed after the effective
5 date of this section, for the period provided in RCW 62A.9A-515 as of
6 the effective date of this section with respect to an initial financing
7 statement.

8 (3) **Requirements for initial financing statement under subsection**
9 **(1) of this section.** To be effective for purposes of subsection (1) of
10 this section, an initial financing statement must:

11 (a) Beginning on the effective date of this section, satisfy the
12 requirements of RCW 62A.9A-502, 62A.9A-503, 62A.9A-507, 62A.9A-515,
13 62A.9A-516, 62A.9A-518, and 62A.9A-521 for an initial financing
14 statement;

15 (b) Identify the preeffective date financing statement by
16 indicating the office in which the financing statement was filed and
17 providing the dates of filing and file numbers, if any, of the
18 financing statement and of the most recent continuation statement filed
19 with respect to the financing statement; and

20 (c) Indicate that the preeffective date financing statement remains
21 effective.

22 NEW SECTION. **Sec. 606.** A new section is added to chapter 62A.9A
23 RCW to be codified as RCW 62A.9A-807 to read as follows:

24 **AMENDMENT OF PREEFFECTIVE DATE FINANCING STATEMENT.** (1)
25 **"Preeffective date financing statement."** For the purposes of this
26 section, "preeffective date financing statement" means a financing
27 statement filed before the effective date of this section.

28 (2) **Applicable law.** After the effective date of this section, a
29 person may add or delete collateral covered by, continue or terminate
30 the effectiveness of, or otherwise amend the information provided in,
31 a preeffective date financing statement only in accordance with the law
32 of the jurisdiction governing perfection as provided in chapter 62A.9A
33 RCW as of the effective date of this section. However, the
34 effectiveness of a preeffective date financing statement also may be
35 terminated in accordance with the law of the jurisdiction in which the
36 financing statement is filed.

1 (3) **Method of amending: General rule.** Except as otherwise
2 provided in subsection (4) of this section, if the law of this state
3 governs perfection of a security interest, the information in a
4 preeffective date financing statement may be amended after the
5 effective date of this section only if:

6 (a) The preeffective date financing statement and an amendment are
7 filed in the office specified in RCW 62A.9A-501;

8 (b) An amendment is filed in the office specified in RCW 62A.9A-501
9 concurrently with, or after the filing in that office of, an initial
10 financing statement that satisfies section 605(3) of this act; or

11 (c) An initial financing statement that provides the information as
12 amended and satisfies section 605(3) of this act is filed in the office
13 specified in RCW 62A.9A-501.

14 (4) **Method of amending: Continuation.** If the law of this state
15 governs perfection of a security interest, the effectiveness of a
16 preeffective date financing statement may be continued only under
17 section 604 (3) or (5) or 605 of this act.

18 (5) **Method of amending: Additional termination rule.** Whether or
19 not the law of this state governs perfection of a security interest,
20 the effectiveness of a preeffective date financing statement filed in
21 this state may be terminated after the effective date of this section
22 by filing a termination statement in the office in which the
23 preeffective date financing statement is filed, unless an initial
24 financing statement that satisfies section 605(3) of this act has been
25 filed in the office specified by the law of the jurisdiction governing
26 perfection as provided in chapter 62A.9A RCW as of the effective date
27 of this section as the office in which to file a financing statement.

28 NEW SECTION. **Sec. 607.** A new section is added to chapter 62A.9A
29 RCW to be codified as RCW 62A.9A-808 to read as follows:

30 **PERSON ENTITLED TO FILE INITIAL FINANCING STATEMENT OR CONTINUATION**
31 **STATEMENT.** A person may file an initial financing statement or a
32 continuation statement under this part if:

33 (1) The secured party of record authorizes the filing; and

34 (2) The filing is necessary under this part:

35 (a) To continue the effectiveness of a financing statement filed
36 before the effective date of this section; or

37 (b) To perfect or continue the perfection of a security interest.

1 NEW SECTION. **Sec. 608.** A new section is added to chapter 62A.9A
2 RCW to be codified as RCW 62A.9A-809 to read as follows:
3 **PRIORITY.** This act determines the priority of conflicting claims
4 to collateral. However, if the relative priorities of the claims were
5 established before the effective date of this section, chapter 62A.9A
6 RCW as it existed before the effective date of this section determines
7 priority.

8 **PART 7**
9 **CONFORMING AMENDMENTS**

10 **Sec. 701.** RCW 62A.2A-103 and 2000 c 250 s 9A-808 are each amended
11 to read as follows:

- 12 (1) In this Article unless the context otherwise requires:
 - 13 (a) "Buyer in ordinary course of business" means a person who in
14 good faith and without knowledge that the sale to him or her is in
15 violation of the ownership rights or security interest or leasehold
16 interest of a third party in the goods buys in ordinary course from a
17 person in the business of selling goods of that kind but does not
18 include a pawnbroker. "Buying" may be for cash, or by exchange of
19 other property, or on secured or unsecured credit, and includes
20 receiving goods or documents of title under a preexisting contract for
21 sale but does not include a transfer in bulk or as security for or in
22 total or partial satisfaction of a money debt.
 - 23 (b) "Cancellation" occurs when either party puts an end to the
24 lease contract for default by the other party.
 - 25 (c) "Commercial unit" means such a unit of goods as by commercial
26 usage is a single whole for purposes of lease and division of which
27 materially impairs its character or value on the market or in use. A
28 commercial unit may be a single article, as a machine, or a set of
29 articles, as a suite of furniture or a line of machinery, or a
30 quantity, as a gross or carload, or any other unit treated in use or in
31 the relevant market as a single whole.
 - 32 (d) "Conforming" goods or performance under a lease contract means
33 goods or performance that are in accordance with the obligations under
34 the lease contract.
 - 35 (e) "Consumer lease" means a lease that a lessor regularly engaged
36 in the business of leasing or selling makes to a lessee who is an

1 individual who takes under the lease primarily for a personal, family,
2 or household purpose, if the total payments to be made under the lease
3 contract, excluding payments for options to renew or buy, do not exceed
4 twenty-five thousand dollars.

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

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

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

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

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

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

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

17 (C) The lessee, before signing the lease contract, receives an
18 accurate and complete statement designating the promises and
19 warranties, and any disclaimers of warranties, limitations or
20 modifications of remedies, or liquidated damages, including those of a
21 third party, such as the manufacturer of the goods, provided to the
22 lessor by the person supplying the goods in connection with or as part
23 of the contract by which the lessor acquired the goods or the right to
24 possession and use of the goods.

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

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

35 (j) "Lease" means a transfer of the right to possession and use of
36 goods for a term in return for consideration, but a sale, including a
37 sale on approval or a sale or return, or retention or creation of a

1 security interest is not a lease. Unless the context clearly indicates
2 otherwise, the term includes a sublease.

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

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

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

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

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

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

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

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

37 (s) "Lot" means a parcel or a single article that is the subject

1 matter of a separate lease or delivery, whether or not it is sufficient
2 to perform the lease contract.

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

5 (u) "Present value" means the amount as of a date certain of one or
6 more sums payable in the future, discounted to the date certain. The
7 discount is determined by the interest rate specified by the parties if
8 the rate was not manifestly unreasonable at the time the transaction
9 was entered into; otherwise, the discount is determined by a
10 commercially reasonable rate that takes into account the facts and
11 circumstances of each case at the time the transaction was entered
12 into.

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

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

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

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

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

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

28

29	"Accessions."	RCW 62A.2A-310((f)).
30	"Construction	
31	mortgage."	RCW 62A.2A-309((f) (d)).
32	"Encumbrance."	RCW 62A.2A-309((f) (e)).
33	"Fixtures."	RCW 62A.2A-309((f) (a)).
34	"Fixture filing."	RCW 62A.2A-309((f) (b)).
35	"Purchase money	
36	lease."	RCW 62A.2A-309((f) (e)).

1 (3) The following definitions in other Articles apply to this
2 Article:

3	"Account."	RCW 62A.9A-
4		102((a)(2))).
5	"Between merchants."	RCW 62A.2-104((3))).
6	"Buyer."	RCW 62A.2-103((1)(a))).
7	"Chattel paper."	RCW 62A.9A-
8		102((a)(11))).
9	"Consumer goods."	RCW 62A.9A-
10		102((a)(23))).
11	"Document."	RCW 62A.9A-
12		102((a)(30))).
13	"Entrusting."	RCW 62A.2-403((3))).
14	"General intangible."	RCW 62A.9A-
15		102((a)(42))).
16	"Good faith."	RCW 62A.2-103((1)(b))).
17	"Instrument."	RCW 62A.9A-
18		102((a)(47))).
19	"Merchant."	RCW 62A.2-104(1).
20	"Mortgage."	RCW 62A.9A-
21		102((a)(55))).
22	"Pursuant to	RCW 62A.9A-
23	commitment."	102((a)(68))).
24	"Receipt."	RCW 62A.2-103((1)(e))).
25	"Sale."	RCW 62A.2-106((1))).
26	"Sale on approval."	RCW 62A.2-326.
27	"Sale or return."	RCW 62A.2-326.
28	"Seller."	RCW 62A.2-103((1)(d))).

29 (4) In addition, Article 62A.1 RCW contains general definitions and
30 principles of construction and interpretation applicable throughout
31 this Article.

32 **Sec. 702.** RCW 43.340.050 and 2002 c 365 s 8 are each amended to
33 read as follows:

34 (1) The authority may issue its bonds in principal amounts which,

1 in the opinion of the authority, are necessary to provide sufficient
2 funds for achievement of its purposes, the payment of debt service on
3 its bonds, the establishment of reserves to secure the bonds, the costs
4 of issuance of its bonds and credit enhancements, if any, and all other
5 expenditures of the authority incident to and necessary to carry out
6 its purposes or powers. The authority may also issue refunding bonds,
7 including advance refunding bonds, for the purpose of refunding
8 previously issued bonds, and may issue other types of bonds, debt
9 obligations, and financing arrangements necessary to fulfill its
10 purposes or the purposes of this chapter. The bonds are investment
11 securities and negotiable instruments within the meaning of and for the
12 purposes of the uniform commercial code.

13 (2) The authority's bonds shall bear such date or dates, mature at
14 such time or times, be in such denominations, be in such form, be
15 registered or registrable in such manner, be made transferable,
16 exchangeable, and interchangeable, be payable in such medium of
17 payment, at such place or places, be subject to such terms of
18 redemption, bear such fixed or variable rate or rates of interest, be
19 taxable or tax exempt, be payable at such time or times, and be sold in
20 such manner and at such price or prices, as the authority determines.
21 The bonds shall be executed by one or more officers of the authority,
22 and by the trustee or paying agent if the authority determines to use
23 a trustee or paying agent for the bonds. Execution of the bonds may be
24 by manual or facsimile signature, provided that at least one signature
25 on the bond is manual.

26 (3) The bonds of the authority shall be subject to such terms,
27 conditions, covenants, and protective provisions as are found necessary
28 or desirable by the authority, including, but not limited to, pledges
29 of the authority's assets, setting aside of reserves, and other
30 provisions the authority finds are necessary or desirable for the
31 security of bondholders.

32 (4) Any revenue pledged by the authority to be received under the
33 sales agreement or in special funds created by the authority shall be
34 valid and binding at the time the pledge is made. Receipts so pledged
35 and then or thereafter received by the authority and any securities in
36 which such receipts may be invested shall immediately be subject to the
37 lien of such pledge without any physical delivery thereof or further
38 act. The lien of any such pledge shall be valid and binding as against

1 all parties having claims of any kind against the authority, whether
2 such parties have notice of the lien. Notwithstanding any other
3 provision to the contrary, the resolution or indenture of the authority
4 or any other instrument by which a pledge is created need not be
5 recorded or filed pursuant to chapter 62A.9A RCW to perfect such
6 pledge. The authority shall constitute a governmental unit within the
7 meaning of RCW 62A.9A-102(~~((a)(45))~~).

8 (5) When issuing bonds, the authority may provide for the future
9 issuance of additional bonds or parity debt on a parity with
10 outstanding bonds, and the terms and conditions of their issuance. The
11 authority may issue refunding bonds in accordance with chapter 39.53
12 RCW or issue bonds with a subordinate lien against the fund or funds
13 securing outstanding bonds.

14 (6) The board and any person executing the bonds are not liable
15 personally on the indebtedness or subject to any personal liability or
16 accountability by reason of the issuance thereof.

17 (7) The authority may, out of any fund available therefor, purchase
18 its bonds in the open market.

19 **Sec. 703.** RCW 60.56.015 and 2001 c 32 s 7 are each amended to read
20 as follows:

21 An agister who holds a lien under RCW 60.56.010 shall perfect the
22 lien by (1) posting notice of the lien in a conspicuous location on the
23 premises where the lien holder is keeping the animal or animals, (2)
24 providing a copy of the posted notice to the owner of the animal or
25 animals, and (3) providing a copy of the posted notice to any lien
26 creditor as defined in RCW 62A.9A-102(~~((+52))~~) if the amount of the
27 agister lien is in excess of one thousand five hundred dollars. A lien
28 creditor may be determined through a search under RCW 62A.9A-523 and
29 62A.9A-526. The lien holder is entitled to collect from the buyer, the
30 seller, or the person selling on a commission basis if there is a
31 failure to make payment to the perfected lien holder.

32 **Sec. 704.** RCW 60.11.040 and 2000 c 250 s 9A-827 are each amended
33 to read as follows:

34 (1) Within fourteen days of receipt of a written request from the
35 lien debtor, or other person who provides the lien holder authorization
36 from the lien debtor for such statement, the lien holder shall provide

1 that person a statement described in subsection (2) of this section.
2 Failure timely to provide the statement shall cause the lien holder to
3 be liable to the person requesting for the attorneys' fees and costs
4 incurred by that person to obtain the statement, together with damages
5 incurred by that person due to the failure of the lien holder to
6 provide the statement, including in the case of the lien debtor any
7 loss resulting from the lien debtor's inability to obtain financing, or
8 the increased costs thereof.

9 (2) The statement shall be in writing, authenticated by the
10 claimant, and shall contain in substance the following information:

11 (a) The name and address of the claimant;

12 (b) The name and address of the debtor;

13 (c) The date of commencement of performance for which the lien is
14 claimed;

15 (d) A description of the labor services, materials, or supplies
16 furnished;

17 (e) A description of the crop and its location to be charged with
18 the lien sufficient for identification; and

19 (f) The signature of the claimant.

20 (3) The statement need not be filed with the department of
21 licensing.

22 (4) A lien for rent claimed by a landlord pursuant to this chapter
23 shall be effective during the term of the lease for a period of up to
24 five years. A financing statement for a landlord lien covering a lease
25 term longer than five years may be continued in accordance with RCW
26 62A.9A-515(~~(4)~~) (4). A landlord who has a right to a share of the
27 crop may place suppliers on notice by filing a financing statement in
28 the same manner as provided for filing a financing statement for a
29 landlord's lien.

30 **Sec. 705.** RCW 62A.2A-310 and 2000 c 250 s 9A-812 are each amended
31 to read as follows:

32 (1) Goods are "accessions" when they are installed in or affixed to
33 other goods.

34 (2) The interest of a lessor or a lessee under a lease contract
35 entered into before the goods became accessions is superior to all
36 interests in the whole except as stated in subsection (4) of this
37 section.

1 (3) The interest of a lessor or a lessee under a lease contract
2 entered into at the time or after the goods became accessions is
3 superior to all subsequently acquired interests in the whole except as
4 stated in subsection (4) of this section but is subordinate to
5 interests in the whole existing at the time the lease contract was made
6 unless the holders of such interests in the whole have in writing
7 consented to the lease, or disclaimed an interest in the goods as part
8 of the whole, or the accession is leased under tariff No. 74 for
9 residential conversion burners leased by a natural gas utility.

10 (4) Unless the accession is leased under tariff No. 74 for
11 residential conversion burners leased by a natural gas utility, the
12 interest of a lessor or a lessee under a lease contract described in
13 subsection (2) or (3) of this section is subordinate to the interest
14 of:

15 (a) A buyer in the ordinary course of business or a lessee in the
16 ordinary course of business of any interest in the whole acquired after
17 the goods became accessions;

18 (b) A creditor with a security interest in the whole perfected
19 before the lease contract was made to the extent that the creditor
20 makes subsequent advances without knowledge of the lease contract; or

21 (c) A creditor with a security interest in the whole which is
22 perfected by compliance with the requirements of a certificate-of-title
23 statute under RCW 62A.9A-311(~~(b)~~) (2).

24 (5) When under subsections (2) or (3) and (4) of this section a
25 lessor or a lessee of accessions holds an interest that is superior to
26 all interests in the whole, the lessor or the lessee may (a) on
27 default, expiration, termination, or cancellation of the lease contract
28 by the other party but subject to the provisions of the lease contract
29 and this Article, or (b) if necessary to enforce his or her other
30 rights and remedies under this Article, remove the goods from the
31 whole, free and clear of all interests in the whole, but he or she must
32 reimburse any holder of an interest in the whole who is not the lessee
33 and who has not otherwise agreed for the cost of repair of any physical
34 injury but not for any diminution in value of the whole caused by the
35 absence of the goods removed or by any necessity for replacing them.
36 A person entitled to reimbursement may refuse permission to remove
37 until the party seeking removal gives adequate security for the
38 performance of this obligation.

1 **Sec. 706.** RCW 62A.8-103 and 2000 c 250 s 9A-815 are each amended
2 to read as follows:

3 (1) A share or similar equity interest issued by a corporation,
4 business trust, joint stock company, or similar entity is a security.

5 (2) An "investment company security" is a security. "Investment
6 company security" means a share or similar equity interest issued by an
7 entity that is registered as an investment company under the federal
8 investment company laws, an interest in a unit investment trust that is
9 so registered, or a face-amount certificate issued by a face-amount
10 certificate company that is so registered. Investment company security
11 does not include an insurance policy or endowment policy or annuity
12 contract issued by an insurance company.

13 (3) An interest in a partnership or limited liability company is
14 not a security unless it is dealt in or traded on securities exchanges
15 or in securities markets, its terms expressly provide that it is a
16 security governed by this Article, or it is an investment company
17 security. However, an interest in a partnership or limited liability
18 company is a financial asset if it is held in a securities account.

19 (4) A writing that is a security certificate is governed by this
20 Article and not by Article 3, even though it also meets the
21 requirements of that Article. However, a negotiable instrument
22 governed by Article 3 is a financial asset if it is held in a
23 securities account.

24 (5) An option or similar obligation issued by a clearing
25 corporation to its participants is not a security, but is a financial
26 asset.

27 (6) A commodity contract, as defined in RCW 62A.9A-102(~~((a)(15))~~),
28 is not a security or a financial asset.

29 **Sec. 707.** RCW 62A.9A-209 and 2000 c 250 s 9A-209 are each amended
30 to read as follows:

31 (~~((a))~~) **(1) Applicability of section.** Except as otherwise provided
32 in subsection (~~((e))~~) **(3)** of this section, this section applies if:

33 (~~((1))~~) **(a)** There is no outstanding secured obligation; and

34 (~~((2))~~) **(b)** The secured party is not committed to make advances,
35 incur obligations, or otherwise give value.

36 (~~((b))~~) **(2) Duties of secured party after receiving demand from**
37 **debtor.** Within ten days after receiving an authenticated demand by the

1 debtor, a secured party shall send to an account debtor that has
2 received notification of an assignment to the secured party as assignee
3 under RCW 62A.9A-406(~~((a))~~) (1) an authenticated record that releases
4 the account debtor from any further obligation to the secured party.

5 ~~((e))~~ (3) **Inapplicability to sales.** This section does not apply
6 to an assignment constituting the sale of an account, chattel paper, or
7 payment intangible.

8 **Sec. 708.** RCW 62A.9A-309 and 2000 c 250 s 9A-309 are each amended
9 to read as follows:

10 The following security interests are perfected when they attach:

11 (1) A purchase-money security interest in consumer goods, except as
12 otherwise provided in RCW 62A.9A-311(~~((b))~~) (2) with respect to
13 consumer goods that are subject to a statute or treaty described in RCW
14 62A.9A-311(~~((a))~~) (1);

15 (2) An assignment of accounts or payment intangibles which does not
16 by itself or in conjunction with other assignments to the same assignee
17 transfer more than fifty thousand dollars, or ten percent of the total
18 amount of the assignor's outstanding accounts and payment intangibles;

19 (3) A sale of a payment intangible;

20 (4) A sale of a promissory note;

21 (5) A security interest created by the assignment of a health-care-
22 insurance receivable to the provider of the health-care goods or
23 services;

24 (6) A security interest arising under RCW 62A.2-401, 62A.2-505,
25 62A.2-711(3), or 62A.2A-508(5), until the debtor obtains possession of
26 the collateral;

27 (7) A security interest of a collecting bank arising under RCW
28 62A.4-210;

29 (8) A security interest of an issuer or nominated person arising
30 under RCW 62A.5-118;

31 (9) A security interest arising in the delivery of a financial
32 asset under RCW 62A.9A-206(c);

33 (10) A security interest in investment property created by a broker
34 or securities intermediary;

35 (11) A security interest in a commodity contract or a commodity
36 account created by a commodity intermediary;

1 (12) An assignment for the benefit of all creditors of the
2 transferor and subsequent transfers by the assignee thereunder; and

3 (13) A security interest created by an assignment of a beneficial
4 interest in a decedent's estate.

5 **Sec. 709.** RCW 62A.9A-310 and 2000 c 250 s 9A-310 are each amended
6 to read as follows:

7 ~~((a))~~ (1) **General rule: Perfection by filing.** Except as
8 otherwise provided in subsections ~~((b) and (d))~~ (2) and (4) of this
9 section and RCW 62A.9A-312(b), a financing statement must be filed to
10 perfect all security interests and agricultural liens.

11 ~~((b))~~ (2) **Exceptions: Filing not necessary.** The filing of a
12 financing statement is not necessary to perfect a security interest:

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

15 ~~((2))~~ (b) That is perfected under RCW 62A.9A-309 when it
16 attaches;

17 ~~((3))~~ (c) In property subject to a statute, regulation, or treaty
18 described in RCW 62A.9A-311~~((a))~~ (1);

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

21 ~~((5))~~ (e) In certificated securities, documents, goods, or
22 instruments which is perfected without filing or possession under RCW
23 62A.9A-312 (e), (f), or (g);

24 ~~((6))~~ (f) In collateral in the secured party's possession under
25 RCW 62A.9A-313;

26 ~~((7))~~ (g) In a certificated security which is perfected by
27 delivery of the security certificate to the secured party under RCW
28 62A.9A-313;

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

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

33 ~~((10))~~ (j) That is perfected under RCW 62A.9A-316.

34 ~~((e))~~ (3) **Assignment of perfected security interest.** If a
35 secured party assigns a perfected security interest or agricultural
36 lien, a filing under this Article is not required to continue the

1 perfected status of the security interest against creditors of and
2 transferees from the original debtor.

3 ~~((d))~~ **(4)Further exception: Filing not necessary for handler's**
4 **lien.** The filing of a financing statement is not necessary to perfect
5 the agricultural lien of a handler on orchard crops as provided in RCW
6 60.11.020(3).

7 **Sec. 710.** RCW 62A.9A-313 and 2001 c 32 s 26 are each amended to
8 read as follows:

9 ~~((a))~~ **(1)Perfection by possession or delivery.** Except as
10 otherwise provided in subsection ~~((b))~~ **(2)** of this section, a secured
11 party may perfect a security interest in negotiable documents, goods,
12 instruments, money, or tangible chattel paper by taking possession of
13 the 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))~~ **(2)Goods covered by certificate of title.** With respect to
17 goods covered by a certificate of title issued by this state, a secured
18 party may perfect a security interest in the goods by taking possession
19 of the goods only in the circumstances described in RCW
20 62A.9A-316~~((d))~~ **(4)**.

21 ~~((e))~~ **(3)Collateral in possession of person other than debtor.**
22 With 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 party,
25 or a lessee of the collateral from the debtor in the ordinary course of
26 the debtor's business, when:

27 ~~((1))~~ **(a)** The person in possession authenticates a record
28 acknowledging that it holds possession of the collateral for the
29 secured party's benefit; or

30 ~~((2))~~ **(b)** The person takes possession of the collateral after
31 having authenticated a record acknowledging that it will hold
32 possession of collateral for the secured party's benefit.

33 ~~((d))~~ **(4)Time of perfection by possession; continuation of**
34 **perfection.** If perfection of a security interest depends upon
35 possession of the collateral by a secured party, perfection occurs no
36 earlier than the time the secured party takes possession and continues
37 only while the secured party retains possession.

1 ~~((e))~~ (5) **Time of perfection by delivery; continuation of**
2 **perfection.** A security interest in a certificated security in
3 registered form is perfected by delivery when delivery of the
4 certificated security occurs under RCW 62A.8-301 and remains perfected
5 by delivery until the debtor obtains possession of the security
6 certificate.

7 ~~((f))~~ (6) **Acknowledgment not required.** A person in possession of
8 collateral is not required to acknowledge that it holds possession for
9 a secured party's benefit.

10 ~~((g))~~ (7) **Effectiveness of acknowledgment; no duties or**
11 **confirmation.** If a person acknowledges that it holds possession for
12 the secured party's benefit:

13 ~~((1))~~ (a) The acknowledgment is effective under subsection
14 ~~((e))~~ (3) of this section or RCW 62A.8-301(1), even if the
15 acknowledgment violates the rights of a debtor; and

16 ~~((2))~~ (b) Unless the person otherwise agrees or law other than
17 this Article otherwise provides, the person does not owe any duty to
18 the secured party and is not required to confirm the acknowledgment to
19 another person.

20 ~~((h))~~ (8) **Secured party's delivery to person other than debtor.**
21 A secured party having possession of collateral does not relinquish
22 possession by delivering the collateral to a person other than the
23 debtor or a lessee of the collateral from the debtor in the ordinary
24 course of the debtor's business if the person was instructed before the
25 delivery or is instructed contemporaneously with the delivery:

26 ~~((1))~~ (a) To hold possession of the collateral for the secured
27 party's benefit; or

28 ~~((2))~~ (b) To redeliver the collateral to the secured party.

29 ~~((i))~~ (9) **Effect of delivery under subsection ~~((h))~~ (8) of this**
30 **section; no duties or confirmation.** A secured party does not
31 relinquish possession, even if a delivery under subsection ~~((h))~~ (8)
32 of this section violates the rights of a debtor. A person to which
33 collateral is delivered under subsection ~~((h))~~ (8) of this section
34 does not owe any duty to the secured party and is not required to
35 confirm the delivery to another person unless the person otherwise
36 agrees or law other than this Article otherwise provides.

1 **Sec. 711.** RCW 62A.9A-320 and 2000 c 250 s 9A-320 are each amended
2 to read as follows:

3 ~~((a))~~ **(1) Buyer in ordinary course of business.** Except as
4 otherwise provided in subsection ~~((e))~~ (5) of this section, a buyer
5 in ordinary course of business, other than a person buying farm
6 products from a person engaged in farming operations, takes free of a
7 security interest created by the buyer's seller, even if the security
8 interest is perfected and the buyer knows of its existence.

9 ~~((b))~~ **(2) Buyer of consumer goods.** Except as otherwise provided
10 in subsection ~~((e))~~ (5) of this section, a buyer of goods from a
11 person who used or bought the goods for use primarily for personal,
12 family, or household purposes takes free of a security interest, even
13 if perfected, if the buyer buys:

14 ~~((1))~~ (a) Without knowledge of the security interest;

15 ~~((2))~~ (b) For value;

16 ~~((3))~~ (c) Primarily for the buyer's personal, family, or
17 household purposes; and

18 ~~((4))~~ (d) Before the filing of a financing statement covering the
19 goods.

20 ~~((e))~~ **(3) Effectiveness of filing for subsection ~~((b))~~ (2) of**
21 **this section.** To the extent that it affects the priority of a security
22 interest over a buyer of goods under subsection ~~((b))~~ (2) of this
23 section, the period of effectiveness of a filing made in the
24 jurisdiction in which the seller is located is governed by RCW
25 62A.9A-316 ~~((a) and (b))~~ (1) and (2).

26 ~~((d))~~ **(4) Buyer in ordinary course of business at wellhead or**
27 **minehead.** A buyer in ordinary course of business buying oil, gas, or
28 other minerals at the wellhead or minehead or after extraction takes
29 free of an interest arising out of an encumbrance.

30 ~~((e))~~ **(5) Possessory security interest not affected.** Subsections
31 ~~((a) and (b))~~ (1) and (2) of this section do not affect a security
32 interest in goods in the possession of the secured party under RCW
33 62A.9A-313.

34 **Sec. 712.** RCW 62A.9A-328 and 2001 c 32 s 29 are each amended to
35 read as follows:

36 The following rules govern priority among conflicting security
37 interests in the same investment property:

1 (1) A security interest held by a secured party having control of
2 investment property under RCW 62A.9A-106 has priority over a security
3 interest held by a secured party that does not have control of the
4 investment property.

5 (2) Except as otherwise provided in subsections (3) and (4) of this
6 section, conflicting security interests held by secured parties each of
7 which has control under RCW 62A.9A-106 rank according to priority in
8 time of:

9 (a) If the collateral is a security, obtaining control;

10 (b) If the collateral is a security entitlement carried in a
11 securities account and:

12 (i) If the secured party obtained control under RCW
13 62A.8-106(4)(a), the secured party's becoming the person for which the
14 securities account is maintained;

15 (ii) If the secured party obtained control under RCW
16 62A.8-106(4)(b), the securities intermediary's agreement to comply with
17 the secured party's entitlement orders with respect to security
18 entitlements carried or to be carried in the securities account; or

19 (iii) If the secured party obtained control through another person
20 under RCW 62A.8-106(4)(c), the time on which priority would be based
21 under this paragraph if the other person were the secured party; or

22 (c) If the collateral is a commodity contract carried with a
23 commodity intermediary, the satisfaction of the requirement for control
24 specified in RCW 62A.9A-106(b)(2) with respect to commodity contracts
25 carried or to be carried with the commodity intermediary.

26 (3) A security interest held by a securities intermediary in a
27 security entitlement or a securities account maintained with the
28 securities intermediary has priority over a conflicting security
29 interest held by another secured party.

30 (4) A security interest held by a commodity intermediary in a
31 commodity contract or a commodity account maintained with the commodity
32 intermediary has priority over a conflicting security interest held by
33 another secured party.

34 (5) A security interest in a certificated security in registered
35 form which is perfected by taking delivery under RCW 62A.9A-313(~~(+a)~~)
36 (1) and not by control under RCW 62A.9A-314 has priority over a
37 conflicting security interest perfected by a method other than control.

1 (6) Conflicting security interests created by a broker, securities
2 intermediary, or commodity intermediary which are perfected without
3 control under RCW 62A.9A-106 rank equally.

4 (7) In all other cases, priority among conflicting security
5 interests in investment property is governed by RCW 62A.9A-322 and
6 62A.9A-323.

7 **Sec. 713.** RCW 62A.9A-335 and 2000 c 250 s 9A-335 are each amended
8 to read as follows:

9 ~~((a))~~ **(1)Creation of security interest in accession.** A security
10 interest may be created in an accession and continues in collateral
11 that becomes an accession.

12 ~~((b))~~ **(2)Perfection of security interest.** If a security
13 interest is perfected when the collateral becomes an accession, the
14 security interest remains perfected in the collateral.

15 ~~((c))~~ **(3)Priority of security interest.** Except as otherwise
16 provided in subsection ~~((d))~~ **(4)** of this section, the other
17 provisions of this part determine the priority of a security interest
18 in an accession.

19 ~~((d))~~ **(4)Compliance with certificate-of-title statute.** A
20 security interest in an accession is subordinate to a security interest
21 in the whole which is perfected by compliance with the requirements of
22 a certificate-of-title statute under RCW 62A.9A-311~~((b))~~ **(2)**.

23 ~~((e))~~ **(5)Removal of accession after default.** After default,
24 subject to Part 6 of this Article, a secured party may remove an
25 accession from other goods if the security interest in the accession
26 has priority over the claims of every person having an interest in the
27 whole.

28 ~~((f))~~ **(6)Reimbursement following removal.** A secured party that
29 removes an accession from other goods under subsection ~~((e))~~ **(5)** of
30 this section shall promptly reimburse any holder of a security interest
31 or other lien on, or owner of, the whole or of the other goods, other
32 than the debtor, for the cost of repair of any physical injury to the
33 whole or the other goods. The secured party need not reimburse the
34 holder or owner for any diminution in value of the whole or the other
35 goods caused by the absence of the accession removed or by any
36 necessity for replacing it. A person entitled to reimbursement may

1 refuse permission to remove until the secured party gives adequate
2 assurance for the performance of the obligation to reimburse.

3 **Sec. 714.** RCW 62A.9A-337 and 2000 c 250 s 9A-337 are each amended
4 to read as follows:

5 If, while a security interest in goods is perfected by any method
6 under the law of another jurisdiction, this state issues a certificate
7 of title that does not show that the goods are subject to the security
8 interest or contain a statement that they may be subject to security
9 interests not shown on the certificate:

10 (1) A buyer of the goods, other than a person in the business of
11 selling goods of that kind, takes free of the security interest if the
12 buyer gives value and receives delivery of the goods after issuance of
13 the certificate and without knowledge of the security interest; and

14 (2) The security interest is subordinate to a conflicting security
15 interest in the goods that attaches, and is perfected under RCW
16 62A.9A-311(~~((b))~~) (2), after issuance of the certificate and without
17 the conflicting secured party's knowledge of the security interest.

18 **Sec. 715.** RCW 62A.9A-338 and 2000 c 250 s 9A-338 are each amended
19 to read as follows:

20 If a security interest or agricultural lien is perfected by a filed
21 financing statement providing information described in RCW
22 62A.9A-516(~~((b)(5))~~) (2)(e) which is incorrect at the time the
23 financing statement is filed:

24 (1) The security interest or agricultural lien is subordinate to a
25 conflicting perfected security interest in the collateral to the extent
26 that the holder of the conflicting security interest gives value in
27 reasonable reliance upon the incorrect information; and

28 (2) A purchaser, other than a secured party, of the collateral
29 takes free of the security interest or agricultural lien to the extent
30 that, in reasonable reliance upon the incorrect information, the
31 purchaser gives value and, in the case of chattel paper, documents,
32 goods, instruments, or a security certificate, receives delivery of the
33 collateral.

34 **Sec. 716.** RCW 62A.9A-405 and 2000 c 250 s 9A-405 are each amended
35 to read as follows:

1 ~~((a))~~ **(1)Effect of modification on assignee.** A modification of
2 or substitution for an assigned contract is effective against an
3 assignee if made in good faith. The assignee acquires corresponding
4 rights under the modified or substituted contract. The assignment may
5 provide that the modification or substitution is a breach of contract
6 by the assignor. This subsection is subject to subsections ~~((b))~~
7 ~~through~~ ~~((d))~~ **(2) through (4)** of this section.

8 ~~((b))~~ **(2)Applicability of subsection ((a)) (1) of this**
9 **section.** Subsection ~~((a))~~ **(1)** of this section applies to the extent
10 that:

11 ~~((1))~~ **(a)** The right to payment or a part thereof under an
12 assigned contract has not been fully earned by performance; or

13 ~~((2))~~ **(b)** The right to payment or a part thereof has been fully
14 earned by performance and the account debtor has not received
15 notification of the assignment under RCW 62A.9A-406~~((a))~~ **(1)**.

16 ~~((c))~~ **(3)Rule for individual under other law.** This section is
17 subject to law other than this Article which establishes a different
18 rule for an account debtor who is an individual and who incurred the
19 obligation primarily for personal, family, or household purposes.

20 ~~((d))~~ **(4)Inapplicability to health-care-insurance receivable.**
21 This section does not apply to an assignment of a health-care-insurance
22 receivable.

23 **Sec. 717.** RCW 62A.9A-505 and 2000 c 250 s 9A-505 are each amended
24 to read as follows:

25 ~~((a))~~ **(1)Use of terms other than "debtor" and "secured party."**
26 A consignor, lessor, or other bailor of goods, a licensor, or a buyer
27 of a payment intangible or promissory note may file a financing
28 statement, or may comply with a statute or treaty described in RCW
29 62A.9A-311~~((a))~~ **(1)**, using the terms "consignor," "consignee,"
30 "lessor," "lessee," "bailor," "bailee," "licensor," "licensee,"
31 "owner," "registered owner," "buyer," "seller," or words of similar
32 import, instead of the terms "secured party" and "debtor."

33 ~~((b))~~ **(2)Effect of financing statement under subsection ((a))**
34 **(1) of this section.** This part applies to the filing of a financing
35 statement under subsection ~~((a))~~ **(1)** of this section and, as
36 appropriate, to compliance that is equivalent to filing a financing
37 statement under RCW 62A.9A-311~~((b))~~ **(2)**, but the filing or compliance

1 is not of itself a factor in determining whether the collateral secures
2 an obligation. If it is determined for another reason that the
3 collateral secures an obligation, a security interest held by the
4 consignor, lessor, bailor, licensor, owner, or buyer which attaches to
5 the collateral is perfected by the filing or compliance.

6 **Sec. 718.** RCW 62A.9A-506 and 2000 c 250 s 9A-506 are each amended
7 to read as follows:

8 ~~((a))~~ (1) **Minor errors and omissions.** A financing statement
9 substantially satisfying the requirements of this part is effective,
10 even if it has minor errors or omissions, unless the errors or
11 omissions make the financing statement seriously misleading.

12 ~~((b))~~ (2) **Financing statement seriously misleading.** Except as
13 otherwise provided in subsection ~~((e))~~ (3) of this section, a
14 financing statement that fails sufficiently to provide the name of the
15 debtor in accordance with RCW 62A.9A-503~~((a))~~ (1) is seriously
16 misleading.

17 ~~((e))~~ (3) **Financing statement not seriously misleading.** If a
18 search of the records of the filing office under the debtor's correct
19 name, using the filing office's standard search logic, if any, would
20 disclose a financing statement that fails sufficiently to provide the
21 name of the debtor in accordance with RCW 62A.9A-503~~((a))~~ (1), the
22 name provided does not make the financing statement seriously
23 misleading.

24 ~~((d))~~ (4) **"Debtor's correct name."** For purposes of RCW
25 62A.9A-508~~((b))~~ (2), the "debtor's correct name" in subsection
26 ~~((e))~~ (3) of this section means the correct name of the new debtor.

27 **Sec. 719.** RCW 62A.9A-508 and 2000 c 250 s 9A-508 are each amended
28 to read as follows:

29 ~~((a))~~ (1) **Financing statement naming original debtor.** Except as
30 otherwise provided in this section, a filed financing statement naming
31 an original debtor is effective to perfect a security interest in
32 collateral in which a new debtor has or acquires rights to the extent
33 that the financing statement would have been effective had the original
34 debtor acquired rights in the collateral.

35 ~~((b))~~ (2) **Financing statement becoming seriously misleading.** If
36 the difference between the name of the original debtor and that of the

1 new debtor causes a filed financing statement that is effective under
2 subsection ~~((a))~~ (1) of this section to be seriously misleading under
3 RCW 62A.9A-506:

4 ~~((1))~~ (a) The financing statement is effective to perfect a
5 security interest in collateral acquired by the new debtor before, and
6 within four months after, the new debtor becomes bound under RCW
7 62A.9A-203(d); and

8 ~~((2))~~ (b) The financing statement is not effective to perfect a
9 security interest in collateral acquired by the new debtor more than
10 four months after the new debtor becomes bound under RCW 62A.9A-203(d)
11 unless an initial financing statement providing the name of the new
12 debtor is filed before the expiration of that time.

13 ~~((e))~~ (3) **When section not applicable.** This section does not
14 apply to collateral as to which a filed financing statement remains
15 effective against the new debtor under RCW 62A.9A-507~~((a))~~ (1).

16 **Sec. 720.** RCW 62A.9A-510 and 2000 c 250 s 9A-510 are each amended
17 to read as follows:

18 ~~((a))~~ (1) **Filed record effective if authorized.** A filed record
19 is effective only to the extent that it was filed by a person that may
20 file it under RCW 62A.9A-509.

21 ~~((b))~~ (2) **Authorization by one secured party of record.** A record
22 authorized by one secured party of record does not affect the financing
23 statement with respect to another secured party of record.

24 ~~((e))~~ (3) **Continuation statement not timely filed.** A
25 continuation statement that is not filed within the six-month period
26 prescribed by RCW 62A.9A-515~~((d))~~ (4) is ineffective.

27 **Sec. 721.** RCW 62A.9A-520 and 2001 c 32 s 39 are each amended to
28 read as follows:

29 ~~((a))~~ (1) **Mandatory refusal to accept record.** The filing office
30 described in RCW 62A.9A-501(a)(2) shall refuse to accept a record for
31 filing for a reason set forth in RCW 62A.9A-516~~((b))~~ (2). A filing
32 office described in RCW 62A.9A-501(a)(1) shall refuse to accept a
33 record for filing for a reason set forth in RCW 62A.9A-516~~((b)-(1)~~
34 ~~through (4))~~ (2) (a) through (d) and any filing office may refuse to
35 accept a record for filing only for a reason set forth in RCW
36 62A.9A-516~~((b))~~ (2).

1 ~~((b))~~ **(2)Communication concerning refusal.** If a filing office
2 refuses to accept a record for filing, it shall communicate to the
3 person that presented the record the fact of and reason for the refusal
4 and the date and time the record would have been filed had the filing
5 office accepted it. The communication must be made at the time and in
6 the manner prescribed by filing-office rule but, in the case of a
7 filing office described in RCW 62A.9A-501(a)(2), in no event more than
8 two business days after the filing office receives the record.

9 ~~((e))~~ **(3)When filed financing statement effective.** A filed
10 financing statement satisfying RCW 62A.9A-502 (a) and (b) is effective,
11 even if the filing office is required to refuse to accept it for filing
12 under subsection ~~((a))~~ **(1)** of this section. However, RCW 62A.9A-338
13 applies to a filed financing statement providing information described
14 in RCW 62A.9A-516~~((b)(5))~~ **(2)(e)** which is incorrect at the time the
15 financing statement is filed.

16 ~~((d))~~ **(4)Separate application to multiple debtors.** If a record
17 communicated to a filing office provides information that relates to
18 more than one debtor, this part applies as to each debtor separately.

19 **Sec. 722.** RCW 62A.9A-601 and 2000 c 250 s 9A-601 are each amended
20 to read as follows:

21 ~~((a))~~ **(1)Rights of secured party after default.** After default,
22 a secured party has the rights provided in this part and, except as
23 otherwise provided in RCW 62A.9A-602, those provided by agreement of
24 the parties. A secured party:

25 ~~((1))~~ **(a)** May reduce a claim to judgment, foreclose, or otherwise
26 enforce the claim, security interest, or agricultural lien by any
27 available judicial procedure; and

28 ~~((2))~~ **(b)** If the collateral is documents, may proceed either as
29 to the documents or as to the goods they cover.

30 ~~((b))~~ **(2)Rights and duties of secured party in possession or**
31 **control.** A secured party in possession of collateral or control of
32 collateral under RCW 62A.9A-104, 62A.9A-105, 62A.9A-106, or 62A.9A-107
33 has the rights and duties provided in RCW 62A.9A-207.

34 ~~((e))~~ **(3)Rights cumulative; simultaneous exercise.** The rights
35 under subsections ~~((a) and (b))~~ **(1) and (2)** of this section are
36 cumulative and may be exercised simultaneously.

1 ~~((d))~~ **(4)Rights of debtor and obligor.** Except as otherwise
2 provided in subsection ~~((g))~~ **(7)** of this section and RCW 62A.9A-605,
3 after default, a debtor and an obligor have the rights provided in this
4 part and by agreement of the parties.

5 ~~((e))~~ **(5)Lien of levy after judgment.** If a secured party has
6 reduced its claim to judgment, the lien of any levy that may be made
7 upon the collateral by virtue of an execution based upon the judgment
8 relates back to the earliest of:

9 ~~((1))~~ **(a)** The date of perfection of the security interest or
10 agricultural lien in the collateral;

11 ~~((2))~~ **(b)** The date of filing a financing statement covering the
12 collateral; or

13 ~~((3))~~ **(c)** Any date specified in a statute under which the
14 agricultural lien was created.

15 ~~((f))~~ **(6)Execution sale.** A sale pursuant to an execution is a
16 foreclosure of the security interest or agricultural lien by judicial
17 procedure within the meaning of this section. A secured party may
18 purchase at the sale and thereafter hold the collateral free of any
19 other requirements of this Article.

20 ~~((g))~~ **(7)Consignor or buyer of certain rights to payment.**
21 Except as otherwise provided in RCW 62A.9A-607~~((e))~~ **(3)**, this part
22 imposes no duties upon a secured party that is a consignor or is a
23 buyer of accounts, chattel paper, payment intangibles, or promissory
24 notes.

25 ~~((h))~~ **(8)Enforcement restrictions.** All rights and remedies
26 provided in this part with respect to promissory notes or an agreement
27 between an account debtor and a debtor which relates to a health-care-
28 insurance receivable or a general intangible, including a contract,
29 permit, license, or franchise, are subject to RCW 62A.9A-408 to the
30 extent applicable.

31 **Sec. 723.** RCW 62A.9A-602 and 2000 c 250 s 9A-602 are each amended
32 to read as follows:

33 Except as otherwise provided in RCW 62A.9A-624, to the extent that
34 they give rights to an obligor (other than a secondary obligor) or a
35 debtor and impose duties on a secured party, the debtor or obligor may
36 not waive or vary the rules stated in the following listed sections:

- 1 (1) RCW 62A.9A-207(b)(4)(C), which deals with use and operation of
2 the collateral by the secured party;
- 3 (2) RCW 62A.9A-210, which deals with requests for an accounting and
4 requests concerning a list of collateral and statement of account;
- 5 (3) RCW 62A.9A-607(~~(e)~~) (3), which deals with collection and
6 enforcement of collateral;
- 7 (4) RCW 62A.9A-608(a) and 62A.9A-615(c) to the extent that they
8 deal with application or payment of noncash proceeds of collection,
9 enforcement, or disposition;
- 10 (5) RCW 62A.9A-608(a) and 62A.9A-615(d) to the extent that they
11 require accounting for or payment of surplus proceeds of collateral;
- 12 (6) RCW 62A.9A-609 to the extent that it imposes upon a secured
13 party that takes possession of collateral without judicial process the
14 duty to do so without breach of the peace;
- 15 (7) RCW 62A.9A-610(b), 62A.9A-611, 62A.9A-613, and 62A.9A-614,
16 which deal with disposition of collateral;
- 17 (8) [Reserved]
- 18 (9) RCW 62A.9A-616, which deals with explanation of the calculation
19 of a surplus or deficiency;
- 20 (10) RCW 62A.9A-620, 62A.9A-621, and 62A.9A-622, which deal with
21 acceptance of collateral in satisfaction of obligation;
- 22 (11) RCW 62A.9A-623, which deals with redemption of collateral;
- 23 (12) RCW 62A.9A-624, which deals with permissible waivers; and
- 24 (13) RCW 62A.9A-625 and 62A.9A-626, which deal with the secured
25 party's liability for failure to comply with this Article.

26 **Sec. 724.** RCW 62A.9A-611 and 2000 c 250 s 9A-611 are each amended
27 to read as follows:

28 (~~(a)~~) (1) **"Notification date."** In this section, "notification
29 date" means the earlier of the date on which:

30 (~~(1)~~) (a) A secured party sends to the debtor and any secondary
31 obligor an authenticated notification of disposition; or

32 (~~(2)~~) (b) The debtor and any secondary obligor waive the right to
33 notification.

34 (~~(b)~~) (2) **Notification of disposition required.** Except as
35 otherwise provided in subsection (~~(d)~~) (4) of this section, a secured
36 party that disposes of collateral under RCW 62A.9A-610 shall send to

1 the persons specified in subsection ~~((e))~~ (3) of this section a
2 reasonable authenticated notification of disposition.

3 ~~((e))~~ (3)Persons to be notified. To comply with subsection
4 ~~((b))~~ (2) of this section, the secured party shall send an
5 authenticated notification of disposition to:

- 6 ~~((1))~~ (a) The debtor;
- 7 ~~((2))~~ (b) Any secondary obligor; and
- 8 ~~((3))~~ (c) If the collateral is other than consumer goods:
 - 9 ~~((A))~~ (i) Any other secured party or lienholder that, ten days
10 before the notification date, held a security interest in or other lien
11 on the collateral perfected by the filing of a financing statement
12 that:

- 13 ~~((i))~~ (A) Identified the collateral;
- 14 ~~((ii))~~ (B) Was indexed under the debtor's name as of that date;
- 15 and
- 16 ~~((iii))~~ (C) Was filed in the office in which to file a financing
17 statement against the debtor covering the collateral as of that date;
- 18 and

19 ~~((B))~~ (ii) Any other secured party that, ten days before the
20 notification date, held a security interest in the collateral perfected
21 by compliance with a statute, regulation, or treaty described in RCW
22 62A.9A-311~~((a))~~ (1).

23 ~~((d))~~ (4)Subsection ~~((b))~~ (2) of this section inapplicable:
24 **Perishable collateral; recognized market.** Subsection ~~((b))~~ (2) of
25 this section does not apply if the collateral is perishable or
26 threatens to decline speedily in value or is of a type customarily sold
27 on a recognized market.

28 ~~((e))~~ (5)Compliance with subsection ~~((e)(3)(A))~~ (3)(c)(i) of
29 **this section.** A secured party complies with the requirement for
30 notification prescribed by subsection ~~((e)(3)(A))~~ (3)(c)(i) of this
31 section if:

32 ~~((1))~~ (a) Not later than twenty days or earlier than thirty days
33 before the notification date, the secured party requests, in a
34 commercially reasonable manner, information concerning financing
35 statements indexed under the debtor's name in the office indicated in
36 subsection ~~((e)(3)(A))~~ (3)(c)(i) of this section; and

37 ~~((2))~~ (b) Before the notification date, the secured party:

1 (~~(A)~~) (i) Did not receive a response to the request for
2 information; or

3 (~~(B)~~) (ii) Received a response to the request for information and
4 sent an authenticated notification of disposition to each secured party
5 or other lienholder named in that response whose financing statement
6 covered the collateral.

7 **Sec. 725.** RCW 62A.9A-621 and 2000 c 250 s 9A-621 are each amended
8 to read as follows:

9 (~~(a)~~) (1) **Persons to which proposal to be sent.** A secured party
10 that desires to accept collateral in full or partial satisfaction of
11 the obligation it secures shall send its proposal to:

12 (~~(1)~~) (a) Any other secured party or lienholder that, ten days
13 before the debtor consented to the acceptance, held a security interest
14 in or other lien on the collateral perfected by the filing of a
15 financing statement that:

16 (~~(A)~~) (i) Identified the collateral;

17 (~~(B)~~) (ii) Was indexed under the debtor's name as of that date;
18 and

19 (~~(C)~~) (iii) Was filed in the office or offices in which to file
20 a financing statement against the debtor covering the collateral as of
21 that date; and

22 (~~(2)~~) (b) Any other secured party that, ten days before the
23 debtor consented to the acceptance, held a security interest in the
24 collateral perfected by compliance with a statute, regulation, or
25 treaty described in RCW 62A.9A-311(~~(a)~~) (1).

26 (~~(b)~~) (2) **Proposal to be sent to secondary obligor in partial**
27 **satisfaction.** A secured party that desires to accept collateral in
28 partial satisfaction of the obligation it secures shall send its
29 proposal to any secondary obligor in addition to the persons described
30 in subsection (~~(a)~~) (1) of this section.

31 **Sec. 726.** RCW 62A.9A-625 and 2001 c 32 s 44 are each amended to
32 read as follows:

33 (~~(a)~~) (1) **Judicial orders concerning noncompliance.** If it is
34 established that a secured party is not proceeding in accordance with
35 this Article, a court may order or restrain collection, enforcement, or
36 disposition of collateral on appropriate terms and conditions.

1 ~~((b))~~ (2) Damages for noncompliance. Subject to subsections
2 ~~((c), (d), and (f))~~ (3), (4), and (6) of this section, a person is
3 liable for damages in the amount of any loss caused by a failure to
4 comply with this Article or by filing a false statement under RCW
5 62A.9A-607~~((b))~~ (2) or 62A.9A-619. Loss caused by a failure to
6 comply may include loss resulting from the debtor's inability to
7 obtain, or increased costs of, alternative financing.

8 ~~((e))~~ (3) Persons entitled to recover damages; statutory damages
9 in consumer-goods transaction. Except as otherwise provided in RCW
10 62A.9A-628:

11 ~~((1))~~ (a) A person that, at the time of the failure, was a
12 debtor, was an obligor, or held a security interest in or other lien on
13 the collateral may recover damages under subsection ~~((b))~~ (2) of this
14 section for its loss; and

15 ~~((2))~~ (b) If the collateral is consumer goods, a person that was
16 a debtor or a secondary obligor at the time a secured party failed to
17 comply with this part may recover for that failure in any event an
18 amount not less than the credit service charge plus ten percent of the
19 principal amount of the obligation or the time-price differential plus
20 ten percent of the cash price.

21 ~~((d))~~ (4) Recovery when deficiency eliminated or reduced. A
22 debtor whose deficiency is eliminated under RCW 62A.9A-626 may recover
23 damages for the loss of any surplus. However, a debtor or secondary
24 obligor may not recover under subsection ~~((b) or (e)(2))~~ (2) or
25 (3)(b) of this section for noncompliance with the provisions of this
26 part relating to collection, enforcement, disposition, or acceptance to
27 the extent that its deficiency is eliminated or reduced under RCW
28 62A.9A-626.

29 ~~((e))~~ (5) Statutory damages: Noncompliance with specified
30 provisions. In addition to any damages recoverable under subsection
31 ~~((b))~~ (2) of this section, the debtor, consumer obligor, or person
32 named as a debtor in a filed record, as applicable, may recover five
33 hundred dollars in each case from a person that:

34 ~~((1))~~ (a) Fails to comply with RCW 62A.9A-208;

35 ~~((2))~~ (b) Fails to comply with RCW 62A.9A-209;

36 ~~((3))~~ (c) Files a record that the person is not entitled to file
37 under RCW 62A.9A-509(a);

1 (~~(4)~~) (d) Fails to cause the secured party of record to file or
2 send a termination statement as required by RCW 62A.9A-513 (a) or (c)
3 within twenty days after the secured party receives an authenticated
4 demand from a debtor;

5 (~~(5)~~) (e) Fails to comply with RCW 62A.9A-616(b)(1) and whose
6 failure is part of a pattern, or consistent with a practice, of
7 noncompliance; or

8 (~~(6)~~) (f) Fails to comply with RCW 62A.9A-616(b)(2).

9 (~~(f)~~) (6) **Statutory damages: Noncompliance with RCW 62A.9A-210.**

10 A debtor or consumer obligor may recover damages under subsection
11 (~~(b)~~) (2) of this section and, in addition, five hundred dollars in
12 each case from a person that, without reasonable cause, fails to comply
13 with a request under RCW 62A.9A-210. A recipient of a request under
14 RCW 62A.9A-210 which never claimed an interest in the collateral or
15 obligations that are the subject of a request under RCW 62A.9A-210 has
16 a reasonable excuse for failure to comply with the request within the
17 meaning of this subsection.

18 (~~(g)~~) (7) **Limitation of security interest: Noncompliance with**
19 **RCW 62A.9A-210.** If a secured party fails to comply with a request
20 regarding a list of collateral or a statement of account under RCW
21 62A.9A-210, the secured party may claim a security interest only as
22 shown in the list or statement included in the request as against a
23 person that is reasonably misled by the failure.

24 **Sec. 727.** RCW 62A.9A-628 and 2001 c 32 s 45 are each amended to
25 read as follows:

26 (~~(a)~~) (1) **Limitation of liability of secured party for**
27 **noncompliance with article.** Unless a secured party knows that a person
28 is a debtor or obligor, knows the identity of the person, and knows how
29 to communicate with the person:

30 (~~(1)~~) (a) The secured party is not liable to the person, or to a
31 secured party or lienholder that has filed a financing statement
32 against the person, for failure to comply with this Article; and

33 (~~(2)~~) (b) The secured party's failure to comply with this Article
34 does not affect the liability of the person for a deficiency.

35 (~~(b)~~) (2) **Limitation of liability based on status as secured**
36 **party.** A secured party is not liable because of its status as secured
37 party:

- 1 (1) Codify for consolidation into the Revised Code of Washington
2 all laws of a general and permanent nature heretofore or hereafter
3 enacted by the legislature, and assign permanent numbers as provided by
4 law to all new titles, chapters, and sections so added to the revised
5 code.
- 6 (2) Edit and revise such laws for such consolidation, to the extent
7 deemed necessary or desirable by the reviser and without changing the
8 meaning of any such law, in the following respects only:
- 9 (a) Make capitalization uniform with that followed generally in the
10 revised code.
- 11 (b) Make chapter or section division and subdivision designations
12 uniform with ~~((that))~~ those followed in the revised code, except that
13 for chapter 62A.9A RCW, the reviser shall make section division and
14 subdivision designations uniform with those followed by the national
15 conference of commissioners on uniform state laws for article 9 of the
16 uniform commercial code.
- 17 (c) Substitute for the term "this act," where necessary, the term
18 "section," "part," "code," "chapter," or "title," or reference to
19 specific section or chapter numbers, as the case may require.
- 20 (d) Substitute for reference to a section of an "act," the proper
21 code section number reference.
- 22 (e) Substitute for "as provided in the preceding section" and other
23 phrases of similar import, the proper code section number references.
- 24 (f) Substitute the proper calendar date for "effective date of this
25 act," "date of passage of this act," and other phrases of similar
26 import.
- 27 (g) Strike out figures where merely a repetition of written words,
28 and substitute, where deemed advisable for uniformity, written words
29 for figures.
- 30 (h) Rearrange any misplaced statutory material, incorporate any
31 omitted statutory material as well as correct manifest errors in
32 spelling, and manifest clerical or typographical errors, or errors by
33 way of additions or omissions.
- 34 (i) Correct manifest errors in references, by chapter or section
35 number, to other laws.
- 36 (j) Correct manifest errors or omissions in numbering or
37 renumbering sections of the revised code.

1 (k) Rearrange the order of sections to conform to such logical
2 arrangement of subject matter as may most generally be followed in the
3 revised code, and alphabetize definition sections, when to do so will
4 not change the meaning or effect of such sections.

5 (l) Change the wording of section captions, if any, and provide
6 captions to new chapters and sections.

7 (m) Strike provisions manifestly obsolete.

8 (3) Create new code titles, chapters, and sections of the Revised
9 Code of Washington, or otherwise revise the title, chapter and
10 sectional organization of the code, all as may be required from time to
11 time, to effectuate the orderly and logical arrangement of the
12 statutes. Such new titles, chapters, and sections, and organizational
13 revisions, shall have the same force and effect as the ninety-one
14 titles originally enacted and designated as the "Revised Code of
15 Washington" pursuant to the code adoption acts codified in chapter 1.04
16 RCW.

17 NEW SECTION. **Sec. 802.** The office of the code reviser must
18 develop legislation for the 2012 legislative session to correct any
19 internal references required to be updated as a result of amendments in
20 this act.

21 NEW SECTION. **Sec. 803.** This act takes effect July 1, 2013.
Passed by the House March 1, 2011.
Passed by the Senate April 5, 2011.
Approved by the Governor April 14, 2011.
Filed in Office of Secretary of State April 14, 2011.