

**BILL HISTORY FOR SENATE BILL 9 (LRB -0028 )**

An Act to repeal 402.326 (3), 411.303 (3), 411.307 (2) (b) and (c) and 411.307 (4); to renumber 402.210 (3), 402.210 (4), 402.210 (5), 402.502 (2) and 411.303 (6), (7) and (8); to renumber and amend 402.502 (1), 408.110 (5) (b), 408.110 (5) (c), 408.110 (5) (d), 408.301 (1) (c), 408.510 (3), 411.303 (4) and 411.303 (5); to consolidate, renumber and amend 411.307 (2) (intro.) and (a); to amend 30.57 (3), 30.57 (5), 30.57 (6), 30.57 (7), 30.57 (8), 30.573 (1), 30.573 (2), 30.576 (1), 50.05 (15) (f), 51.42 (3) (d) 12. f., 59.43 (1) (L), 59.43 (1) (m), 59.43 (1) (n), 59.43 (1) (o), 59.43 (2) (ag) 2., 59.43 (2) (d), 100.201 (2) (d), 100.201 (2) (e) 1., 101.9213 (2), 101.9213 (4), 101.9213 (5), 101.9213 (6), 101.9213 (7), 101.9215 (1), 101.9215 (2), 101.9218 (1), 101.9222 (5) (b), 109.09 (2) (b) 2., 138.09 (7) (i) 2., 340.01 (56m), 340.01 (56n), 342.19 (2), 342.19 (3), 342.19 (4), 342.19 (5), 342.19 (6), 342.21 (1), 342.21 (2), 342.24, 344.185 (3) (intro.), 401.201 (9), 401.201 (32), 401.201 (37) (a), 402.103 (3) (d), 402.326 (title), 402.326 (2), 402.502 (title), 402.716 (3), 406.102 (1), 406.102 (2), 407.503 (1) (a), 408.103 (6), 408.106 (4) (a) and (b), 408.106 (6), 408.110 (5) (a), 408.302 (1), 408.510 (1), 411.103 (3) (a), 411.103 (3) (d), 411.103 (3) (e), 411.103 (3) (f), 411.103 (3) (h), 411.103 (3) (j), 411.103 (3) (L), 411.103 (3) (m), 411.303 (1) and (2), 411.309 (1) (c), 421.301 (21), 422.413 (2r) (intro.), 422.413 (2r) (f), 425.105 (4), 425.203 (3) (intro.), 425.204 (2), 425.207 (2), 425.208 (6), 779.48 (2), 779.89, 779.91 (2), 779.97 (4) (a) 1., 779.97 (4) (b) 1., 779.97 (4) (b) 2., 779.97 (4) (b) 3., 779.97 (4) (b) 4., 779.97 (4) (d), 779.97 (4) (e), 815.18 (2) (i), 815.18 (2) (j), 818.02 (4), 893.36 (3) (b), 893.36 (3) (c), 893.36 (3) (e) and 893.36 (3) (f); to repeal and recreate 401.105 (2) (e), chapter 409 and 411.307 (3); and to create 402.210 (3), 402.502 (1) (a), 402.502 (2), 405.118, 408.106 (4) (c), 408.110 (5) (b), 408.301 (1) (c) 1. and 2. and 408.510 (3) (a) to (c) of the statutes; relating to: revising the Uniform Commercial Code Secured Transactions and related statutes and granting rule-making authority. (FE)

2001

- 01-12. S. Introduced by Senators **Huelsman** and **George**; cosponsored by Representatives **Cullen** and **Gundrum**, by request of Wisconsin Commission on Uniform State Laws..
- 01-12. S. Read first time and referred to committee on Judiciary, Consumer Affairs, and Campaign Finance Reform . . . 5
- 02-05. S. Fiscal estimate received.
- 02-06. S. Fiscal estimate received.
- 02-20. S. Public hearing held.
- 02-21. S. Fiscal estimate received.
- 04-18. S. Emergency statement attached by Governor pursuant to s. 16.47 (2) Wisconsin Statutes . . . . . 153
- 05-02. S. Executive action taken.
- 05-03. S. Report introduction and adoption of Senate substitute amendment 1 recommended by committee on Judiciary, Consumer Affairs, and Campaign Finance Reform, Ayes 5, Noes 0 (**LRB s0082**) . . . . . 174
- 05-03. S. Report passage as amended recommended by committee on Judiciary, Consumer Affairs, and Campaign Finance Reform, Ayes 5, Noes 0 . . . . . 174
- 05-03. S. Available for scheduling.
- 05-03. S. Placed on calendar 5-8-2001 by committee on Senate Organization.
- 05-08. S. Read a second time . . . . . 190
- 05-08. S. Senate substitute amendment 1 **adopted** . . . . . 190
- 05-08. S. Ordered to a third reading . . . . . 190
- 05-08. S. Rules suspended . . . . . 190
- 05-08. S. Read a third time and **passed**, Ayes 33, Noes 0 . . . . . 190
- 05-08. S. Ordered immediately messaged . . . . . 192
- 05-08. A. Received from Senate . . . . . 241
- 05-08. A. Read first time and referred to calendar . . . . . 241
- 06-12. A. Read a second time . . . . . 278
- 06-12. A. Assembly amendment 1 offered by Representative **Cullen** (**LRB a0588**) . . . . . 278
- 06-12. A. Refused to adopt Assembly amendment 1, Ayes 42, Noes 56 . . . . . 278
- 06-12. A. Ordered to a third reading . . . . . 278
- 06-12. A. Rules suspended . . . . . 278
- 06-12. A. Read a third time and **concurred in**, Ayes 93, Noes 6 . . . . . 278
- 06-12. A. Ordered immediately messaged . . . . . 279
- 06-14. S. Received from Assembly concurred in.

**2001  
ENROLLED BILL**

01en SB-9

**ADOPTED DOCUMENTS:**

Orig     Engr    S SubAmdt 1    01 S 00821 1

Amendments to above (if none, write "NONE"): None

Corrections - show date (if none, write "NONE"): None

Topic Uniform Commercial Code -  
Secure Transactions

6/14/01    [Signature]  
Date                      Enrolling Drafter

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**SENATE SUBSTITUTE AMENDMENT 1,  
TO 2001 SENATE BILL 9**

May 3, 2001 - Offered by COMMITTEE ON JUDICIARY, CONSUMER AFFAIRS, AND  
CAMPAIGN FINANCE REFORM.

1     **AN ACT** *to repeal* 402.326 (3), 411.303 (3), 411.307 (2) (b) and (c) and 411.307 (4);  
2         *to renumber* 402.210 (3), 402.210 (4), 402.210 (5), 402.502 (2) and 411.303 (6),  
3         (7) and (8); *to renumber and amend* 402.502 (1), 408.110 (5) (b), 408.110 (5)  
4         (c), 408.110 (5) (d), 408.301 (1) (c), 408.510 (3), 411.303 (4) and 411.303 (5); *to*  
5         *consolidate, renumber and amend* 411.307 (2) (intro.) and (a); *to amend*  
6         30.57 (3), 30.57 (5), 30.57 (6), 30.57 (7), 30.57 (8), 30.573 (1), 30.573 (2), 30.576  
7         (1), 50.05 (15) (f), 51.42 (3) (d) 12. f., 59.43 (1) (L), 59.43 (1) (m), 59.43 (1) (n),  
8         59.43 (1) (o), 59.43 (2) (ag) 2., 59.43 (2) (d), 100.201 (2) (d), 100.201 (2) (e) 1.,  
9         101.9213 (2), 101.9213 (4), 101.9213 (5), 101.9213 (6), 101.9213 (7), 101.9215  
10         (1), 101.9215 (2), 101.9218 (1), 101.9222 (5) (b), 109.09 (2) (b) 2., 138.09 (7) (i)  
11         2., 340.01 (56m), 340.01 (56n), 342.19 (2), 342.19 (3), 342.19 (4), 342.19 (5),  
12         342.19 (6), 342.21 (1), 342.21 (2), 342.24, 344.185 (3) (intro.), 401.201 (9),  
13         401.201 (32), 401.201 (37) (a), 402.103 (3) (d), 402.326 (title), 402.326 (2),

1 402.502 (title), 402.716 (3), 406.102 (1), 406.102 (2), 407.503 (1) (a), 408.103 (6),  
2 408.106 (4) (a) and (b), 408.106 (6), 408.110 (5) (a), 408.302 (1), 408.510 (1),  
3 411.103 (3) (a), 411.103 (3) (d), 411.103 (3) (e), 411.103 (3) (f), 411.103 (3) (h),  
4 411.103 (3) (j), 411.103 (3) (L), 411.103 (3) (m), 411.303 (1) and (2), 411.309 (1)  
5 (c), 421.301 (21), 422.413 (2r) (intro.), 422.413 (2r) (f), 425.105 (4), 425.203 (3)  
6 (intro.), 425.204 (2), 425.207 (2), 425.208 (6), 779.48 (2), 779.89, 779.91 (2),  
7 779.97 (4) (a) 1., 779.97 (4) (b) 1., 779.97 (4) (b) 2., 779.97 (4) (b) 3., 779.97 (4)  
8 (b) 4., 779.97 (4) (d), 779.97 (4) (e), 815.18 (2) (i), 815.18 (2) (j), 818.02 (4), 893.36  
9 (3) (b), 893.36 (3) (c), 893.36 (3) (e) and 893.36 (3) (f); **to repeal and recreate**  
10 401.105 (2) (e), chapter 409 and 411.307 (3); and **to create** 402.210 (3), 402.502  
11 (1) (a), 402.502 (2), 405.118, 408.106 (4) (c), 408.110 (5) (b), 408.301 (1) (c) 1. and  
12 2. and 408.510 (3) (a) to (c) of the statutes; **relating to:** revising the Uniform  
13 Commercial Code — Secured Transactions and related statutes, granting  
14 rule-making authority, and making an appropriation.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

15 **SECTION 1.** 30.57 (3) of the statutes is amended to read:

16 30.57 (3) Except as provided in sub. (4), a security interest is perfected by the  
17 delivery to the department of the existing certificate of title, if any, an application for  
18 a certificate of title containing the name and address of the secured party, and the  
19 required fee. The security interest is perfected as of the later of the time of its  
20 ~~creation if delivery to the department is completed within 10 days after its creation~~  
21 ~~and without regard to the limitations expressed in s. 409.301 (2); otherwise, as of the~~  
22 time of delivery or the time of the attachment of the security interest.

23 **SECTION 2.** 30.57 (5) of the statutes is amended to read:

1           30.57 (5) An unperfected security interest is subordinate to the rights of  
2 persons described in s. ~~409.301~~ 409.317.

3           **SECTION 3.** 30.57 (6) of the statutes is amended to read:

4           30.57 (6) The rules of priority stated in s. ~~409.312~~, and 409.322, the other  
5 sections referred to in that section, and subch. III of ch. 409 shall, to the extent  
6 appropriate, apply to conflicting security interests in a boat of a type for which a  
7 certificate of title is required.

8           **SECTION 4.** 30.57 (7) of the statutes is amended to read:

9           30.57 (7) The rules stated in ~~ss. 409.501 to 409.507~~ subch. VI of ch. 409  
10 governing the rights and duties of secured parties and debtors and the requirements  
11 for, and effect of, disposition of a boat by a secured party, upon default shall, to the  
12 extent appropriate, govern the rights of secured parties and owners with respect to  
13 security interests in boats perfected under this section and ss. 30.572 and 30.573.

14           **SECTION 5.** 30.57 (8) of the statutes is amended to read:

15           30.57 (8) If a boat is subject to a security interest when brought into this state,  
16 s. ~~409.103 (1), (2) and (3)~~ state 409.316 states the rules which determine the validity  
17 and perfection of the security interest in this state.

18           **SECTION 6.** 30.573 (1) of the statutes is amended to read:

19           30.573 (1) ~~A~~ Except as otherwise provided in s. 409.308 (5), a secured party  
20 may assign, absolutely or otherwise, the secured party's security interest in a boat  
21 to a person other than the owner without affecting the interest of the owner or the  
22 validity of the security interest, but any person without notice of the assignment is  
23 protected in dealing with the secured party as the holder of the security interest and  
24 the secured party remains liable for any obligations as a secured party until the  
25 assignee is named as secured party on the certificate of title.

1           **SECTION 7.** 30.573 (2) of the statutes is amended to read:

2           30.573 (2) ~~To~~ Subject to s. 409.308 (5), to perfect an assignment, the assignee  
3 may deliver to the department the certificate of title, the fee required under s. 30.537  
4 (4) (f) and an assignment by the secured party named in the certificate in the form  
5 the department prescribes. Upon receipt, the department shall name the assignee  
6 as a secured party on the certificate and issue a new certificate.

7           **SECTION 8.** 30.576 (1) of the statutes is amended to read:

8           30.576 (1) Except as provided in sub. (2) and subject to s. 409.311 (4), the  
9 method provided in ss. 30.57 to 30.575 of perfecting and giving notice of security  
10 interests subject to those sections is exclusive. Security interests subject to ss. 30.57  
11 to 30.575 are exempt from the provisions of law that otherwise require or relate to  
12 the filing of instruments creating or evidencing security interests.

13           **SECTION 9.** 50.05 (15) (f) of the statutes is amended to read:

14           50.05 (15) (f) The receiver shall, within 60 days after termination of the  
15 receivership, file a notice of any lien created under this subsection. No action on a  
16 lien created under this subsection may be brought more than 2 years after the date  
17 of filing. If the lien is on real property, the notice shall be filed with the clerk of circuit  
18 court of the county in which the facility is located and entered on the judgment and  
19 lien docket kept under s. 779.07. If the lien is on personal property, notice of the lien  
20 shall be filed with the department of financial institutions in the same manner, form,  
21 and place as financing statements are filed under subch. V of ch. 409 regarding  
22 debtors who are located in this state. The department of financial institutions shall  
23 ~~place~~ file the notice of the lien on personal property in the same file as financing  
24 statements are filed under ~~ss. 409.401 and 409.402~~ subch. V of ch. 409. The notice  
25 shall specify the name of the person against whom the lien is claimed, the name of

1 the receiver, the dates of the petition for receivership and the termination of  
2 receivership, a description of the property involved and the amount claimed. No lien  
3 shall exist under this section against any person, on any property, or for any amount  
4 not specified in the notice filed under this paragraph. To the extent applicable, ch.  
5 846 controls the foreclosure of liens under this subsection that attach to real  
6 property.

7 **SECTION 10.** 51.42 (3) (d) 12. f. of the statutes is amended to read:

8 51.42 (3) (d) 12. f. The receiver shall, within 60 days after termination of the  
9 receivership, file a notice of any lien created under this subdivision. No action on a  
10 lien created under this subdivision may be brought more than 2 years after the date  
11 of filing. If the lien is on real property, the notice shall be filed with the clerk of circuit  
12 court for the county in which the county department of community programs or  
13 related program is located and entered on the judgment and lien docket kept under  
14 s. 779.07. If the lien is on personal property, notice of the lien shall be filed with the  
15 department of financial institutions in the same manner, form, and place as  
16 financing statements are filed under subch. V of ch. 409 regarding debtors who are  
17 located in this state. The department of financial institutions shall place file the  
18 notice of the lien on personal property in the same file as financing statements are  
19 filed under ~~ss. 409.401 and 409.402~~ subch. V of ch. 409. The notice shall specify the  
20 name of the county department of community programs or related program against  
21 which the lien is claimed, the name of the receiver, the dates of the petition for  
22 receivership and the termination of receivership, a description of the property  
23 involved and the amount claimed. No lien may exist under this subdivision against  
24 any person, on any property or for any amount not specified in the notice filed under

1 this subd. 12. f. To the extent applicable, ch. 846 controls the foreclosure of liens  
2 under this subdivision that attach to real property.

3 SECTION 11. 59.43 (1) (L) of the statutes is amended to read:

4 59.43 (1) (L) File all documents pertaining to security interests ~~in personal~~  
5 ~~property, crops or fixtures, as defined in s. 401.201 (37) (a),~~ that are required or  
6 authorized by law to be filed with the register. Except as otherwise prescribed by the  
7 department of financial institutions under ~~ss. 409.403 to 409.406 subch. V of ch. 409,~~  
8 these documents shall be executed on white or light colored sheets of paper, 8 or 8.5  
9 inches wide and 5, 7, 10.5, or 14 inches long. Whenever there is offered for filing any  
10 document that varies more than one-eighth of an inch from the approved size, or that  
11 is not on a standard form prescribed by ch. 409 or by the department of financial  
12 institutions, then in addition to the regular filing fee an additional filing fee shall be  
13 charged by the register of deeds, as prescribed by sub. (2). No assignment, release,  
14 or other instrument shall be offered for filing that is executed or endorsed on any  
15 other document, but each shall be a separate and distinct document, except those  
16 assignments or notices that are printed or written on and immediately following the  
17 original agreement or financing statement, offered for filing at the same time, shall  
18 be considered as one document. All of these documents shall be legibly written, and  
19 shall have the names of the debtor and secured party plainly printed or typed on the  
20 document and shall provide a space for filing data of the register of deeds on the  
21 outside of the document.

22 SECTION 12. 59.43 (1) (m) of the statutes is amended to read:

23 59.43 (1) (m) ~~Keep~~ Except as otherwise provided in subchs. V and VII of ch. 409,  
24 keep these chattel documents in consecutive numerical arrangement, for the

1 inspection of all persons, endorsing on each document the document number and the  
2 date and time of reception.

3 **SECTION 13.** 59.43 (1) (n) of the statutes is amended to read:

4 59.43 (1) (n) Upon the filing of a financing statement or other document  
5 evidencing the creation of a security interest ~~in personal property or fixtures or in~~  
6 ~~crops growing or to be grown, as defined in s. 401.201 (37) (a), required to be filed or~~  
7 recorded with the register under s. 409.501 (1) (a), enter the name of each debtor  
8 alphabetically in indices, of which each page shall be divided into columns which  
9 shall contain the following information: number of the document, date and time of  
10 filing, name and address of debtor, name and address of secured party, name of the  
11 document, the amount if any, shown in the document, brief description of property,  
12 and the last column set aside for the entry of assignments, continuation statements,  
13 termination statements, foreclosure affidavits, extensions and releases pertaining  
14 to such financing statements or chattel security documents. If the financing  
15 statement evidences the creation of a security interest in fixtures, it also shall be  
16 entered in the tract index if one is kept in the county.

17 **SECTION 14.** 59.43 (1) (o) of the statutes is amended to read:

18 59.43 (1) (o) ~~Upon~~ Except as otherwise provided in subch. V of ch. 409, upon  
19 the filing of an assignment, continuation statement, termination statement,  
20 foreclosure affidavit, extension or release pertaining to a filed financing statement  
21 or other chattel security document, enter the document number and the date and  
22 time of filing in the appropriate column of the indices referred to in par. (n) and on  
23 the same line as that on which the entry of the filed financing statement or other  
24 chattel security document appears.

25 **SECTION 15.** 59.43 (2) (ag) 2. of the statutes is amended to read:

1           59.43 (2) (ag) 2. In the event of conflict in the statutes regarding recording fees,  
2           subd. 1. shall control, except that subch. V of ch. 409 and s. 409.710 shall control this  
3           section.

4           **SECTION 16.** 59.43 (2) (d) of the statutes is amended to read:

5           59.43 (2) (d) For performing functions under s. ~~409.407 (1) and (2) (a) and (b)~~  
6           409.523, the register shall charge the fees stated provided in s. ~~409.407 (2) (a) or (b)~~  
7           409.525, retain the portion of the fees prescribed under s. 409.525, and submit the  
8           portion of the fees not retained to the state. A financing statement and an  
9           assignment or notice of assignment of the security interest, offered for filing at the  
10          same time, shall be considered as only one document for the purpose of this  
11          paragraph. Whenever there is offered for filing any document that is not on a  
12          standard form prescribed by ch. 409 or by the department of financial institutions  
13          or that varies more than 0.125 inch from the approved size as prescribed by sub. (1),  
14          the appropriate fee ~~specified in ss. 409.403 to 409.406~~ provided in s. 409.525 or an  
15          additional filing fee of one-half the regular fee, whichever is applicable, shall be  
16          charged by the register.

17          **SECTION 17.** 100.201 (2) (d) of the statutes is amended to read:

18          100.201 (2) (d) Make or underwrite loans to a retailer or become bound in any  
19          manner for the financial obligation of any rctailer except that a wholesaler may lend  
20          money to a retailer for the purchase of equipment for the storage, transportation, and  
21          display of selected dairy products, provided the loan is for not more than 90% of the  
22          purchase price, bears at least a 5% annual interest rate, is payable in equal monthly  
23          instalments installments over a period of not more than 48 months, and is secured  
24          by a security interest created by a security agreement specifying all payments by the  
25          retailer and duly filed by the wholesaler within 10 days after the making or

1 underwriting of said loan, as provided in ~~ss. 409.401 and 409.402~~ subch. V of ch. 409  
2 regarding debtors who are located in this state.

3 **SECTION 18.** 100.201 (2) (e) 1. of the statutes is amended to read:

4 100.201 (2) (e) 1. The wholesaler, under a bill of sale or security agreement  
5 describing the property sold and specifying the price and terms of sale duly filed by  
6 the wholesaler under ~~ss. 409.401 and 409.402~~ subch. V of ch. 409 within 10 days after  
7 delivery of the equipment described therein, may sell equipment for the storage,  
8 transportation, and display of selected dairy products to the retailer but the selling  
9 price shall be not less than the cost to the wholesaler, less 10% per year depreciation,  
10 plus transportation and installation costs, plus at least 6%, but in no event shall it  
11 be less than \$100 per unit. In filing bills of sale under this section, the filing officer  
12 shall follow the procedure under ~~s. 409.403~~ subch. V of ch. 409 regarding debtors who  
13 are located in this state insofar as applicable. If the wholesaler makes the sale under  
14 a security agreement, the terms of sale shall be no more favorable to the retailer than  
15 those under sub. (2) (d). Failure by any wholesaler to enforce the wholesaler's  
16 security interest under this paragraph or sub. (2) (d) if a retailer is in default for more  
17 than 90 days shall constitute prima facie evidence of a violation of this section. No  
18 wholesaler shall renegotiate a security agreement which is in default.

19 **SECTION 19.** 101.9213 (2) of the statutes is amended to read:

20 101.9213 (2) Except as provided in sub. (3), a security interest is perfected by  
21 the delivery to the department of the existing certificate of title, if any, an application  
22 for a certificate of title containing the name and address of the secured party, and the  
23 required fee. The security interest is perfected as of the later of the time of its  
24 ~~creation if such delivery is completed within 10 days after the time that the security~~  
25 ~~interest is created, and without regard to the limitations expressed in s. 409.301 (2).~~

1 ~~If the delivery is not completed within 10 days after the time that the security~~  
2 ~~interest is created, the security interest is perfected as of the time of such delivery~~  
3 ~~or the time of the attachment of the security interest.~~

4 **SECTION 20.** 101.9213 (4) of the statutes is amended to read:

5 101.9213 (4) An unperfected security interest is subordinate to the rights of  
6 persons described in s. ~~409.301~~ 409.317.

7 **SECTION 21.** 101.9213 (5) of the statutes is amended to read:

8 101.9213 (5) The rules of priority stated in s. ~~409.312~~, and 409.322, the other  
9 sections therein referred to, and subch. III of ch. 409 shall, to the extent appropriate,  
10 apply to conflicting security interests in a manufactured home of a type for which a  
11 certificate of title is required, or in a previously certificated manufactured home, as  
12 defined in s. 101.9222 (1). A security interest perfected under this section or under  
13 s. 101.9222 (4) or (5) is a security interest perfected otherwise than by filing for  
14 purposes of s. ~~409.312~~ 409.322.

15 **SECTION 22.** 101.9213 (6) of the statutes is amended to read:

16 101.9213 (6) The rules stated in ~~ss. 409.501 to 409.507~~ subch. VI of ch. 409  
17 governing the rights and duties of secured parties and debtors and the requirements  
18 for, and effect of, disposition of a manufactured home by a secured party, upon default  
19 shall, to the extent appropriate, govern the rights of secured parties and owners with  
20 respect to security interests in manufactured homes perfected under ss. 101.9202 to  
21 101.9218.

22 **SECTION 23.** 101.9213 (7) of the statutes is amended to read:

23 101.9213 (7) If a manufactured home is subject to a security interest when  
24 brought into this state, s. ~~409.103 (1), (2) and (3)~~ 409.316 states the rules that apply  
25 to determine the validity and perfection of the security interest in this state.

1           **SECTION 24.** 101.9215 (1) of the statutes is amended to read:

2           101.9215 (1) ~~A Except as otherwise provided in s. 409.308 (5), a~~ secured party  
3 may assign, absolutely or otherwise, the party's security interest in the  
4 manufactured home to a person other than the owner without affecting the interest  
5 of the owner or the validity of the security interest, but any person without notice of  
6 the assignment is protected in dealing with the secured party as the holder of the  
7 security interest and the secured party remains liable for any obligations as a  
8 secured party until the assignee is named as secured party on the certificate.

9           **SECTION 25.** 101.9215 (2) of the statutes is amended to read:

10          101.9215 (2) ~~The Subject to s. 409.308 (5), the~~ assignee may but need not, to  
11 perfect the assignment, have the certificate of title endorsed or issued with the  
12 assignee named as secured party, upon delivering to the department the certificate  
13 and an assignment by the secured party named in the certificate in the form that the  
14 department prescribes.

15          **SECTION 26.** 101.9218 (1) of the statutes is amended to read:

16          101.9218 (1) **METHOD OF PERFECTING EXCLUSIVE.** ~~Except Subject to s. 409.311 (4)~~  
17 ~~and except~~ as provided in sub. (2), the method provided in ss. 101.921 to 101.9217  
18 of perfecting and giving notice of security interests subject to ss. 101.921 to 101.9217  
19 is exclusive. Security interests subject to ss. 101.921 to 101.9217 are exempt from  
20 the provisions of law that otherwise require or relate to the filing of instruments  
21 creating or evidencing security interests.

22          **SECTION 27.** 101.9222 (5) (b) of the statutes is amended to read:

23          101.9222 (5) (b) If a security interest in a previously certificated manufactured  
24 home was created, but was unperfected, under any other applicable law of this state

1 on July 1, 2000, it may be perfected under par. (a), ~~but such perfection dates only from~~  
2 ~~the date of the department's receipt of the certificate.~~

3 **SECTION 28.** 109.09 (2) (b) 2. of the statutes is amended to read:

4 109.09 (2) (b) 2. A lien under par. (a) upon personal property takes effect when  
5 the department of workforce development or employee files a notice of the lien with  
6 ~~the department of financial institutions~~ in the same manner, form, and place as  
7 financing statements are filed under subch. V of ch. 409 regarding debtors who are  
8 located in this state, pays the same fee specified provided in s. 409.403 (5) (b) to the  
9 ~~department of financial institutions~~ 409.525 for filing financing statements, and  
10 serves a copy of the notice on the employer by personal service in the same manner  
11 as a summons is served under s. 801.11 or by certified mail with a return receipt  
12 requested. The department of financial institutions shall place the notice of the lien  
13 in the same file as financing statements are filed under ~~ss. 409.401 and 409.402~~  
14 subch. V of ch. 409.

15 **SECTION 29.** 138.09 (7) (i) 2. of the statutes is amended to read:

16 138.09 (7) (i) 2. An amount sufficient to cover the fee for filing the termination  
17 statement required by s. 409.404 409.513 on loans secured by merchandise other  
18 than a motor vehicle, a manufactured home, or a boat; and

19 **SECTION 30.** 340.01 (56m) of the statutes is amended to read:

20 340.01 (56m) "Secured party" ~~means a secured party as defined~~ has the  
21 meaning given in s. 409.105 (1) (L) 409.102 (1) (rs).

22 **SECTION 31.** 340.01 (56n) of the statutes is amended to read:

23 340.01 (56n) "Security agreement" ~~means a security agreement as defined~~ has  
24 the meaning given in s. 409.105 (1) (m) 409.102 (1) (s).

25 **SECTION 32.** 342.19 (2) of the statutes is amended to read:

1           342.19 (2) Except as provided in sub. (2m), a security interest is perfected by  
2 the delivery to the department of the existing certificate of title, if any, an application  
3 for a certificate of title containing the name and address of the secured party, and the  
4 required fee. It is perfected as of the later of the time of its creation if such delivery  
5 ~~is completed within 10 days thereafter, and without regard to the limitations~~  
6 ~~expressed in s. 409.301 (2); otherwise, as of the time of such delivery or the time of~~  
7 the attachment of the security interest.

8           **SECTION 33.** 342.19 (3) of the statutes is amended to read:

9           342.19 (3) An unperfected security interest is subordinate to the rights of  
10 persons described in ~~s. 409.301~~ ss. 409.317 and 409.323.

11           **SECTION 34.** 342.19 (4) of the statutes is amended to read:

12           342.19 (4) The rules of priority stated in s. ~~409.312, and 409.322,~~ the other  
13 sections therein referred to, and subch. III of ch. 409 shall, to the extent appropriate,  
14 apply to conflicting security interests in a vehicle of a type for which a certificate of  
15 title is required. A security interest perfected under this section is a security interest  
16 perfected otherwise than by filing for purposes of ~~s. 409.312~~ subch. III of ch. 409.

17           **SECTION 35.** 342.19 (5) of the statutes is amended to read:

18           342.19 (5) The rules stated in ~~ss. 409.501 to 409.507~~ subch. VI of ch. 409  
19 governing the rights and duties of secured parties and debtors and the requirements  
20 for, and effect of, disposition of a vehicle by a secured party, upon default shall, to the  
21 extent appropriate, govern the rights of secured parties and owners with respect to  
22 security interests in vehicles perfected under this chapter.

23           **SECTION 36.** 342.19 (6) of the statutes is amended to read:

1           342.19 (6) If a vehicle is subject to a security interest when brought into this  
2 state, s. ~~409.103 (1), (2) and (3)~~ state 409.316 states the rules which apply to  
3 determine the validity and perfection of the security interest in this state.

4           **SECTION 37.** 342.21 (1) of the statutes is amended to read:

5           342.21 (1) ~~A- Except as otherwise provided in s. 409.308 (5),~~ a secured party  
6 may assign, absolutely or otherwise, the party's security interest in the vehicle to a  
7 person other than the owner without affecting the interest of the owner or the  
8 validity of the security interest, but any person without notice of the assignment is  
9 protected in dealing with the secured party as the holder of the security interest and  
10 the secured party remains liable for any obligations as a secured party until the  
11 assignee is named as secured party on the certificate.

12           **SECTION 38.** 342.21 (2) of the statutes is amended to read:

13           342.21 (2) The Subject to s. 409.308 (5), the assignee may but need not, to  
14 perfect the assignment, have the certificate of title endorsed or issued with the  
15 assignee named as secured party, upon delivering to the department the certificate  
16 and an assignment by the secured party named in the certificate in the form the  
17 department prescribes.

18           **SECTION 39.** 342.24 of the statutes is amended to read:

19           **342.24 Method of perfecting exclusive.** The Subject to s. 409.311 (4), the  
20 method provided in this chapter of perfecting and giving notice of security interests  
21 subject to this chapter is exclusive. Security interests subject to this chapter are  
22 hereby exempted from the provisions of law which otherwise require or relate to the  
23 filing of instruments creating or evidencing security interests.

24           **SECTION 40.** 344.185 (3) (intro.) of the statutes is amended to read:

1           344.185 (3) (intro.) Notwithstanding ~~ss. 409.501 to 409.507~~ subch. VI of ch. 409  
2 and ch. 425:

3           **SECTION 41.** 401.105 (2) (e) of the statutes is repealed and recreated to read:

4           401.105 (2) (e) Sections 409.301 to 409.307 on law governing perfection, the  
5 effect of perfection or nonperfection, and the priority of security interests and  
6 agricultural liens.

7           **SECTION 42.** 401.201 (9) of the statutes is amended to read:

8           401.201 (9) “Buyer in ordinary course of business” means a person ~~who~~ that  
9 buys goods in good faith and, without knowledge that the sale to the person is in  
10 violation of violates the ownership rights or security interest of a 3rd party of another  
11 person in the goods buys, and in the ordinary course from a person, other than a  
12 pawnbroker, in the business of selling goods of that kind but does not include a  
13 pawnbroker. All persons who sell minerals or the like (including oil and gas) at  
14 wellhead or minehead shall be deemed to be persons. A person buys goods in the  
15 ordinary course if the sale to the person comports with the usual or customary  
16 practices in the kind of business in which the seller is engaged or with the seller’s own  
17 usual or customary practices. A person that sells oil, gas, or other minerals at the  
18 wellhead or minehead is a person in the business of selling goods of that kind.  
19 “Buying” A buyer in ordinary course of business may be buy for cash or, by exchange  
20 of other property, or on secured or unsecured credit, and includes receiving may  
21 acquire goods or documents of title under a preexisting contract for sale but does not  
22 include a transfer in bulk or as security for or in total or partial satisfaction of a  
23 money debt. Only a buyer that takes possession of the goods or has a right to recover  
24 the goods from the seller under ch. 402 may be a buyer in ordinary course of business.

1 A person that acquires goods in a transfer in bulk or as security for or in total or  
2 partial satisfaction of a money debt is not a buyer in ordinary course of business.

3 SECTION 43. 401.201 (32) of the statutes is amended to read:

4 401.201 (32) “Purchase” includes taking by sale, discount, negotiation,  
5 mortgage, pledge, lien, security interest, issue or reissue, gift or any other voluntary  
6 transaction creating an interest in property.

7 SECTION 44. 401.201 (37) (a) of the statutes is amended to read:

8 401.201 (37) (a) “Security interest” means an interest in personal property or  
9 fixtures ~~that~~ which secures payment or performance of an obligation. ~~The retention~~  
10 ~~or reservation of title by a seller of goods notwithstanding shipment or delivery to the~~  
11 ~~buyer is limited in effect to a reservation of a “security interest”.~~ The term also  
12 includes any interest of a consignor and a buyer of accounts or, chattel paper, a  
13 payment intangible, or a promissory note in a transaction that is subject to ch. 409.  
14 The special property interest of a buyer of goods on identification of ~~such those~~ goods  
15 to a contract for sale under s. 402.401 is not a “security interest”, but a buyer may  
16 also acquire a “security interest” by complying with ch. 409. ~~Unless a lease or~~  
17 ~~consignment is intended as security, reservation of title thereunder is not a “security~~  
18 ~~interest” but a consignment is in any event subject to s. 402.326~~ Except as otherwise  
19 provided in s. 402.505, the right of a seller or lessor of goods under ch. 402 or 411 to  
20 retain or acquire possession of the goods is not a security interest, but a seller or  
21 lessor may also acquire a security interest by complying with ch. 409. The retention  
22 or reservation of title by a seller of goods notwithstanding shipment or delivery to the  
23 buyer under s. 402.401 is limited in effect to a reservation of a security interest.

24 SECTION 45. 402.103 (3) (d) of the statutes is amended to read:

25 402.103 (3) (d) “Consumer goods” — s. ~~409.109~~ 409.102.

1           **SECTION 46.** 402.210 (3) of the statutes is renumbered 402.210 (4).

2           **SECTION 47.** 402.210 (3) of the statutes is created to read:

3           402.210 (3) The creation, attachment, perfection, or enforcement of a security  
4 interest in the seller's interest under a contract is not a transfer that materially  
5 changes the duty of or increases materially the burden or risk imposed on the buyer  
6 or impairs materially the buyer's chance of obtaining return performance within the  
7 purview of sub. (2) unless, and then only to the extent that, enforcement actually  
8 results in a delegation of material performance of the seller. Even in that event, the  
9 creation, attachment, perfection, and enforcement of the security interest remain  
10 effective, but:

11           (a) The seller is liable to the buyer for damages caused by the delegation to the  
12 extent that the damages could not reasonably be prevented by the buyer; and

13           (b) A court having jurisdiction may grant other appropriate relief, including  
14 cancellation of the contract for sale or an injunction against enforcement of the  
15 security interest or consummation of the enforcement.

16           **SECTION 48.** 402.210 (4) of the statutes is renumbered 402.210 (5).

17           **SECTION 49.** 402.210 (5) of the statutes is renumbered 402.210 (6).

18           **SECTION 50.** 402.326 (title) of the statutes is amended to read:

19           **402.326 (title) Sale on approval and sale or return; ~~consignment sales~~**  
20 **and rights of creditors.**

21           **SECTION 51.** 402.326 (2) of the statutes is amended to read:

22           402.326 (2) ~~Except as provided in sub. (3), goods~~ Goods held on approval are  
23 not subject to the claims of the buyer's creditors until acceptance; goods held on sale  
24 or return are subject to such claims while in the buyer's possession.

25           **SECTION 52.** 402.326 (3) of the statutes is repealed.

1           **SECTION 53.** 402.502 (title) of the statutes is amended to read:

2           **402.502 (title) Buyer's right to goods on seller's repudiation, failure to**  
3 **deliver, or insolvency.**

4           **SECTION 54.** 402.502 (1) of the statutes is renumbered 402.502 (1) (intro.) and  
5 amended to read:

6           402.502 (1) (intro.) Subject to ~~sub.~~ subs. (2) and (3) and even though the goods  
7 have not been shipped a buyer who has paid a part or all of the price of goods in which  
8 the buyer has a special property under s. 402.501 may on making and keeping good  
9 a tender of any unpaid portion of their price recover them from the seller if:

10           **(b) In all cases,** the seller becomes insolvent within 10 days after receipt of the  
11 **first ~~instalment~~ installment** on their price.

12           **SECTION 55.** 402.502 (1) (a) of the statutes is created to read:

13           402.502 (1) (a) In the case of goods bought for personal, family, or household  
14 purposes, the seller repudiates or fails to deliver as required by the contract; or

15           **SECTION 56.** 402.502 (2) of the statutes is renumbered 402.502 (3).

16           **SECTION 57.** 402.502 (2) of the statutes is created to read:

17           402.502 (2) The buyer's right to recover the goods under sub. (1) (a) vests upon  
18 acquisition of a special property, even if the seller had not then repudiated or failed  
19 to deliver.

20           **SECTION 58.** 402.716 (3) of the statutes is amended to read:

21           402.716 (3) The buyer has a right of replevin for goods identified to the contract  
22 if after reasonable effort the buyer is unable to effect cover for such goods or the  
23 circumstances reasonably indicate that such effort will be unavailing or if the goods  
24 have been shipped under reservation and satisfaction of the security interest in them  
25 has been made or tendered. In the case of goods bought for personal, family, or

1 household purposes, the buyer's right of replevin vests upon acquisition of a special  
2 property, even if the seller had not then repudiated or failed to deliver.

3 SECTION 59. 405.118 of the statutes is created to read:

4 **405.118 Security interest of issuer or nominated person.** (1) An issuer  
5 or nominated person has a security interest in a document presented under a letter  
6 of credit to the extent that the issuer or nominated person honors or gives value for  
7 the presentation.

8 (2) So long as and to the extent that an issuer or nominated person has not been  
9 reimbursed or has not otherwise recovered the value given with respect to a security  
10 interest in a document under sub. (1), the security interest continues and is subject  
11 to ch. 409, but:

12 (a) A security agreement is not necessary to make the security interest  
13 enforceable under s. 409.203 (2) (c);

14 (b) If the document is presented in a medium other than a written or other  
15 tangible medium, the security interest is perfected; and

16 (c) If the document is presented in a written or other tangible medium and is  
17 not a certificated security, chattel paper, a document of title, an instrument, or a  
18 letter of credit, the security interest is perfected and has priority over a conflicting  
19 security interest in the document so long as the debtor does not have possession of  
20 the document.

21 SECTION 60. 406.102 (1) of the statutes is amended to read:

22 406.102 (1) A "bulk transfer" is any transfer in bulk and not in the ordinary  
23 course of the transferor's business of a major part in value of the inventory (~~s.~~  
24 ~~409.109~~), as defined in s. 409.102 (1) (Ls), of an enterprise subject to this chapter.

25 SECTION 61. 406.102 (2) of the statutes is amended to read:

1           406.102 (2) A transfer of a substantial part of the equipment (~~s. 409.109~~), as  
2 defined in s. 409.102 (1) (i), of such an enterprise is a bulk transfer if it is made in  
3 connection with a bulk transfer of inventory, but not otherwise.

4           **SECTION 62.** 407.503 (1) (a) of the statutes is amended to read:

5           407.503 (1) (a) Delivered or entrusted them or any document of title covering  
6 them to the bailor or the bailor's nominee with actual or apparent authority to ship,  
7 store, or sell or with power to obtain delivery under s. 407.403 or with power of  
8 disposition under ~~ss. s. 402.403 or 409.307~~ 409.320 or other statute or rule of law; nor

9           **SECTION 63.** 408.103 (6) of the statutes is amended to read:

10           408.103 (6) A commodity contract, as defined in s. ~~409.115 (1) (b)~~ 409.102 (1)  
11 (dm), is not a security or a financial asset.

12           **SECTION 64.** 408.106 (4) (a) and (b) of the statutes are amended to read:

13           408.106 (4) (a) The purchaser becomes the entitlement holder; ~~or~~

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

17           **SECTION 65.** 408.106 (4) (c) of the statutes is created to read:

18           408.106 (4) (c) Another person has control of the security entitlement on behalf  
19 of the purchaser or, having previously acquired control of the security entitlement,  
20 acknowledges that it has control on behalf of the purchaser.

21           **SECTION 66.** 408.106 (6) of the statutes is amended to read:

22           408.106 (6) A purchaser who has satisfied the requirements of sub. (3) (~~b~~) or  
23 (4) (~~b~~) has control even if the registered owner in the case of sub. (3) (~~b~~) or the  
24 entitlement holder in the case of sub. (4) (~~b~~) retains the right to make substitutions  
25 for the uncertificated security or security entitlement, to originate instructions or

1 entitlement orders to the issuer or securities intermediary, or otherwise to deal with  
2 the uncertificated security or security entitlement.

3 **SECTION 67.** 408.110 (5) (a) of the statutes is amended to read:

4 408.110 (5) (a) If an agreement between the securities intermediary and its  
5 entitlement holder ~~specifies that it is governed by the law of a particular jurisdiction~~  
6 governing the securities account expressly provides that a particular jurisdiction is  
7 the securities intermediary's jurisdiction for purposes of this subchapter, this  
8 chapter, or chs. 401 to 411, that jurisdiction is the securities intermediary's  
9 jurisdiction.

10 **SECTION 68.** 408.110 (5) (b) of the statutes is renumbered 408.110 (5) (c) and  
11 amended to read:

12 408.110 (5) (c) If neither par. (a) nor par. (b) applies and an agreement between  
13 the securities intermediary and its entitlement holder ~~does not specify the governing~~  
14 law as provided in par. (a), but governing the securities account expressly specifies  
15 provides that the securities account is maintained at an office in a particular  
16 jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.

17 **SECTION 69.** 408.110 (5) (b) of the statutes is created to read:

18 408.110 (5) (b) If par. (a) does not apply and an agreement between the  
19 securities intermediary and its entitlement holder governing the securities account  
20 expressly provides that the agreement is governed by the law of a particular  
21 jurisdiction, that jurisdiction is the securities intermediary's jurisdiction.

22 **SECTION 70.** 408.110 (5) (c) of the statutes is renumbered 408.110 (5) (d) and  
23 amended to read:

24 408.110 (5) (d) If ~~an agreement between the securities intermediary and its~~  
25 ~~entitlement holder does not specify a jurisdiction as provided in par. (a) or (b)~~ none

1 of pars. (a) to (c) applies, the securities intermediary's jurisdiction is the jurisdiction  
2 in which is located the office, identified in an account statement as the office serving  
3 the entitlement holder's account, is located.

4 **SECTION 71.** 408.110 (5) (d) of the statutes is renumbered 408.110 (5) (e) and  
5 amended to read:

6 408.110 (5) (e) ~~If an agreement between the securities intermediary and its~~  
7 ~~entitlement holder does not specify a jurisdiction as provided in par. (a) or (b) and an~~  
8 ~~account statement does not identify an office serving the entitlement holder's~~  
9 ~~account as provided in par. (e) none of pars. (a) to (d) applies~~, the securities  
10 intermediary's jurisdiction is the jurisdiction in which is located the chief executive  
11 office of the securities intermediary is located.

12 **SECTION 72.** 408.301 (1) (c) of the statutes is renumbered 408.301 (1) (c) (intro.)  
13 and amended to read:

14 408.301 (1) (c) (intro.) A securities intermediary acting on behalf of the  
15 purchaser acquires possession of the security certificate, only if the certificate is in  
16 registered form and ~~has been specially~~ is:

17 3. Specially endorsed to the purchaser by an effective endorsement and has not  
18 been endorsed to the securities intermediary or in blank.

19 **SECTION 73.** 408.301 (1) (c) 1. and 2. of the statutes are created to read:

20 408.301 (1) (c) 1. Registered in the name of the purchaser;

21 2. Payable to the order of the purchaser; or

22 **SECTION 74.** 408.302 (1) of the statutes is amended to read:

23 408.302 (1) Except as otherwise provided in subs. (2) and (3), ~~upon delivery a~~  
24 ~~purchaser~~ of a certificated or uncertificated security ~~to a purchaser, the purchaser~~  
25 acquires all rights in the security that the transferor had or had power to transfer.

1           **SECTION 75.** 408.510 (1) of the statutes is amended to read:

2           408.510 (1) ~~An~~ In a case not covered by the priority rules in ch. 409 or the rules  
3 stated in sub. (3), an action based on an adverse claim to a financial asset or security  
4 entitlement, whether framed in conversion, replevin, constructive trust, equitable  
5 lien, or other theory, may not be asserted against a person who purchases a security  
6 entitlement, or an interest therein, from an entitlement holder if the purchaser gives  
7 value, does not have notice of the adverse claim, and obtains control.

8           **SECTION 76.** 408.510 (3) of the statutes is renumbered 408.510 (3) (intro.) and  
9 amended to read:

10           408.510 (3) (intro.) In a case not covered by the priority rules in ch. 409, a  
11 purchaser for value of a security entitlement, or an interest therein, who obtains  
12 control has priority over a purchaser of a security entitlement, or an interest therein,  
13 who does not obtain control. ~~Purchasers~~ Except as otherwise provided in sub. (4),  
14 purchasers who have control rank ~~equally, except that a~~ according to priority in time  
15 of:

16           (4) A securities intermediary as purchaser has priority over a conflicting  
17 purchaser who has control unless otherwise agreed by the securities intermediary.

18           **SECTION 77.** 408.510 (3) (a) to (c) of the statutes are created to read:

19           408.510 (3) (a) The purchaser's becoming the person for whom the securities  
20 account, in which the security entitlement is carried, is maintained, if the purchaser  
21 obtained control under s. 408.106 (4) (a);

22           (b) The securities intermediary's agreement to comply with the purchaser's  
23 entitlement orders with respect to security entitlements carried or to be carried in  
24 the securities account in which the security entitlement is carried, if the purchaser  
25 obtained control under s. 408.106 (4) (b); or

1 (c) If the purchaser obtained control through another person under s. 408.106  
2 (4) (c), the time on which priority would be based under this subsection if the other  
3 person were the secured party.

4 **SECTION 78.** Chapter 409 of the statutes is repealed and recreated to read:

5 **CHAPTER 409**

6 **UNIFORM COMMERCIAL CODE —**

7 **SECURED TRANSACTIONS**

8 **SUBCHAPTER I**

9 **GENERAL PROVISIONS**

10 **409.101 Short title.** This chapter may be cited as uniform commercial code  
11 — secured transactions.

12 **409.102 Definitions and index of definitions. (1) CHAPTER 409 DEFINITIONS.**  
13 In this chapter:

14 (a) “Accession” means goods that are physically united with other goods in such  
15 a manner that the identity of the original goods is not lost.

16 (ag) “Account”, except as used in “account for”, means a right to payment of a  
17 monetary obligation, whether or not earned by performance; for property that has  
18 been or is to be sold, leased, licensed, assigned, or otherwise disposed of; for services  
19 rendered or to be rendered; for a policy of insurance issued or to be issued; for a  
20 secondary obligation incurred or to be incurred; for energy provided or to be provided;  
21 for the use or hire of a vessel under a charter or other contract; arising out of the use  
22 of a credit or charge card or information contained on or for use with the card; or as  
23 winnings in a lottery or other game of chance operated or sponsored by a state,  
24 governmental unit of a state, or person licensed or authorized to operate the game  
25 by a state or governmental unit of a state. The term includes health-care-insurance

1 receivables. The term does not include rights to payment evidenced by chattel paper  
2 or an instrument; commercial tort claims; deposit accounts; investment property;  
3 letter-of-credit rights or letters of credit; or rights to payment for money or funds  
4 advanced or sold, other than rights arising out of the use of a credit or charge card  
5 or information contained on or for use with the card.

6 (am) “Account debtor” means a person obligated on an account, chattel paper,  
7 or general intangible. The term does not include persons obligated to pay a  
8 negotiable instrument, even if the instrument constitutes part of chattel paper.

9 (as) “Accounting”, except as used in “accounting for”, means a record:

- 10 1. Authenticated by a secured party;
- 11 2. Indicating the aggregate unpaid secured obligations as of a date not more  
12 than 35 days earlier or 35 days later than the date of the record; and
- 13 3. Identifying the components of the obligations in reasonable detail.

14 (b) “Agricultural lien” means an interest, other than a security interest, in farm  
15 products:

- 16 1. Which secures payment or performance of an obligation for:
  - 17 a. Goods or services furnished in connection with a debtor’s farming operation;
  - 18 or
  - 19 b. Rent on real property leased by a debtor in connection with its farming  
20 operation;
- 21 2. Which is created by statute in favor of a person that:
  - 22 a. In the ordinary course of its business furnished goods or services to a debtor  
23 in connection with a debtor’s farming operation; or
  - 24 b. Leased real property to a debtor in connection with the debtor’s farming  
25 operation; and

1           3. Whose effectiveness does not depend on the person's possession of the  
2 personal property.

3           (bcm) "Applicant" means a person at whose request or for whose account a  
4 letter of credit is issued. The term includes a person who requests an issuer to issue  
5 a letter of credit on behalf of another if the person making the request undertakes  
6 an obligation to reimburse the issuer.

7           (bg) "As-extracted collateral" means:

8           1. Oil, gas, or other minerals that are subject to a security interest that is  
9 created by a debtor having an interest in the minerals before extraction and which  
10 attaches to the minerals as extracted; or

11           2. Accounts arising out of the sale at the wellhead or minehead of oil, gas, or  
12 other minerals in which the debtor had an interest before extraction.

13           (bm) "Authenticate" means:

14           1. To sign; or

15           2. To execute or otherwise adopt a symbol, or encrypt or similarly process a  
16 record in whole or in part, with the present intent of the authenticating person to  
17 identify the person and adopt or accept a record.

18           (bs) "Bank" means an organization that is engaged in the business of banking.  
19 The term includes savings banks, savings and loan associations, credit unions, and  
20 trust companies.

21           (btm) "Beneficiary" means a person who under the terms of a letter of credit is  
22 entitled to have its complying presentation honored. The term includes a person to  
23 whom drawing rights have been transferred under a transferable letter of credit.

24           (c) "Cash proceeds" means proceeds that are money, checks, deposit accounts,  
25 or the like.

1 (cg) “Certificate of title” means a certificate of title with respect to which a  
2 statute provides for the security interest in question to be indicated on the certificate  
3 as a condition or result of the security interest’s obtaining priority over the rights of  
4 a lien creditor with respect to the collateral.

5 (cm) “Chattel paper” means a record or records that evidence both a monetary  
6 obligation and a security interest in specific goods, a security interest in specific  
7 goods and software used in the goods, a security interest in specific goods and license  
8 of software used in the goods, a lease of specific goods, or a lease of specific goods and  
9 license of software used in the goods. The term does not include charters or other  
10 contracts involving the use or hire of a vessel. The term does not include records that  
11 evidence a right to payment arising out of the use of a credit or charge card or  
12 information contained on or for use with the card. If a transaction is evidenced by  
13 records that include an instrument or series of instruments, the group of records  
14 taken together constitutes chattel paper. In this paragraph, “monetary obligation”  
15 means a monetary obligation secured by the goods or owned under a lease of the  
16 goods and includes a monetary obligation with respect to software used in the goods.

17 (cs) “Collateral” means the property subject to a security interest or  
18 agricultural lien. The term includes:

- 19 1. Proceeds to which a security interest attaches;
- 20 2. Accounts, chattel paper, payment intangibles, and promissory notes that  
21 have been sold; and
- 22 3. Goods that are the subject of a consignment.

23 (d) “Commercial tort claim” means a claim arising in tort with respect to which:

- 24 1. The claimant is an organization; or
- 25 2. The claimant is an individual and the claim:

1 a. Arose in the course of the claimant's business or profession; and

2 b. Does not include damages arising out of personal injury to or the death of  
3 an individual.

4 (dg) "Commodity account" means an account maintained by a commodity  
5 intermediary in which a commodity contract is carried for a commodity customer.

6 (dm) "Commodity contract" means a commodity futures contract, an option on  
7 a commodity futures contract, a commodity option, or another contract if the contract  
8 or option is:

9 1. Traded on or subject to the rules of a board of trade that has been designated  
10 as a contract market for such a contract pursuant to federal commodities laws; or

11 2. Traded on a foreign commodity board of trade, exchange, or market, and is  
12 carried on the books of a commodity intermediary for a commodity customer.

13 (ds) "Commodity customer" means a person for which a commodity  
14 intermediary carries a commodity contract on its books.

15 (e) "Commodity intermediary" means a person that:

16 1. Is registered as a futures commission merchant under federal commodities  
17 law; or

18 2. In the ordinary course of its business provides clearance or settlement  
19 services for a board of trade that has been designated as a contract market pursuant  
20 to federal commodities law.

21 (eg) "Communicate" means:

22 1. To send a written or other tangible record;

23 2. To transmit a record by any means agreed upon by the persons sending and  
24 receiving the record; or

1           3. In the case of transmission of a record to or by a filing office, to transmit a  
2 record by any means prescribed by filing-office rule.

3           (em) “Consignee” means a merchant to which goods are delivered in a  
4 consignment.

5           (es) “Consignment” means a transaction, regardless of its form, in which a  
6 person delivers goods to a merchant for the purpose of sale and:

7           1. The merchant:

8           a. Deals in goods of that kind under a name other than the name of the person  
9 making delivery;

10          b. Is not an auctioneer; and

11          c. Is not generally known by its creditors to be substantially engaged in selling  
12 the goods of others;

13          2. With respect to each delivery, the aggregate value of the goods is \$1,000 or  
14 more at the time of delivery;

15          3. The goods are not consumer goods immediately before delivery; and

16          4. The transaction does not create a security interest that secures an obligation.

17          (f) “Consignor” means a person that delivers goods to a consignee in a  
18 consignment.

19          (fg) “Consumer debtor” means a debtor in a consumer transaction.

20          (fm) “Consumer goods” means goods that are used or bought for use primarily  
21 for personal, family, or household purposes.

22          (fs) “Consumer-goods transaction” means a consumer transaction in which:

23          1. An individual incurs an obligation primarily for personal, family, or  
24 household purposes; and

25          2. A security interest in consumer goods secures the obligation.

1 (g) “Consumer obligor” means an obligor who is an individual and who incurred  
2 the obligation as part of a transaction entered into primarily for personal, family, or  
3 household purposes.

4 (gg) “Consumer transaction” means a transaction in which an individual incurs  
5 an obligation primarily for personal, family, or household purposes; a security  
6 interest secures the obligation; and the collateral is held or acquired primarily for  
7 personal, family, or household purposes. The term includes consumer–goods  
8 transactions.

9 (gm) “Continuation statement” means an amendment of a financing statement  
10 which:

11 1. Identifies, by its file number, the initial financing statement to which it  
12 relates; and

13 2. Indicates that it is a continuation statement for, or that it is filed to continue  
14 the effectiveness of, the identified financing statement.

15 (gs) “Debtor” means:

16 1. A person having an interest, other than a security interest or other lien, in  
17 the collateral, whether or not the person is an obligor;

18 2. A seller of accounts, chattel paper, payment intangibles, or promissory notes;

19 or

20 3. A consignee.

21 (h) “Deposit account” means a demand, time, savings, passbook, or similar  
22 account maintained with a bank. The term does not include investment property or  
23 accounts evidenced by an instrument.

24 (hg) “Document” means a document of title or a receipt of the type described  
25 in s. 407.201 (2).

1 (hm) “Electronic chattel paper” means chattel paper evidenced by a record or  
2 records consisting of information stored in an electronic medium.

3 (hs) “Encumbrance” means a right, other than an ownership interest, in real  
4 property. The term includes mortgages and other liens on real property.

5 (i) “Equipment” means goods other than inventory, farm products, or consumer  
6 goods.

7 (ig) “Farm products” means goods, other than standing timber, with respect to  
8 which the debtor is engaged in a farming operation and which are:

9 1. Crops grown, growing, or to be grown, including:

10 a. Crops produced on trees, vines, and bushes; and

11 b. Aquatic goods produced in aquacultural operations;

12 2. Livestock, born or unborn, including aquatic goods produced in aquacultural  
13 operations;

14 3. Supplies used or produced in a farming operation; or

15 4. Products of crops or livestock in their unmanufactured states.

16 (im) “Farming operation” means raising, cultivating, propagating, fattening,  
17 grazing, or any other farming, livestock, or aquacultural operation.

18 (is) “File number” means the number assigned to an initial financing statement  
19 pursuant to s. 409.519 (1).

20 (j) “Filing office” means an office designated in s. 409.501 as the place to file a  
21 financing statement.

22 (jg) “Filing-office rule” means a rule promulgated pursuant to s. 409.526.

23 (jm) “Financing statement” means a record or records composed of an initial  
24 financing statement and any filed record relating to the initial financing statement.

1           (js) “Fixture filing” means the filing of a financing statement covering goods  
2 that are or are to become fixtures and satisfying s. 409.502 (1) and (2). The term  
3 includes the filing of a financing statement covering goods of a transmitting utility  
4 which are or are to become fixtures.

5           (k) “Fixtures” means goods that have become so related to particular real  
6 property that an interest in them arises under real property law.

7           (kg) “General intangible” means any personal property, including things in  
8 action, other than accounts, chattel paper, commercial tort claims, deposit accounts,  
9 documents, goods, instruments, investment property, letter-of-credit rights, letters  
10 of credit, money, and oil, gas, or other minerals before extraction. The term includes  
11 payment intangibles and software.

12           (km) “Good faith” means honesty in fact and the observance of reasonable  
13 commercial standards of fair dealing.

14           (ks) “Goods” means all things that are movable when a security interest  
15 attaches. The term includes fixtures; standing timber that is to be cut and removed  
16 under a conveyance or contract for sale; the unborn young of animals; crops grown,  
17 growing, or to be grown, even if the crops are produced on trees, vines, or bushes; and  
18 manufactured homes. The term also includes a computer program embedded in  
19 goods and any supporting information provided in connection with a transaction  
20 relating to the program if the program is associated with the goods in such a manner  
21 that it customarily is considered part of the goods, or by becoming the owner of the  
22 goods, a person acquires a right to use the program in connection with the goods. The  
23 term does not include a computer program embedded in goods that consist solely of  
24 the medium in which the program is embedded. The term also does not include  
25 accounts, chattel paper, commercial tort claims, deposit accounts, documents,

1 general intangibles, instruments, investment property, letter-of-credit rights,  
2 letters of credit, money, or oil, gas, or other minerals before extraction.

3 (L) “Governmental unit” means a subdivision, agency, department, county,  
4 parish, municipality, or other unit of the government of the United States, a state,  
5 or a foreign country. The term includes an organization having a separate corporate  
6 existence if the organization is eligible to issue debt on which interest is exempt from  
7 income taxation under the laws of the United States.

8 (Lg) “Health-care-insurance receivable” means an interest in or claim under  
9 a policy of insurance which is a right to payment of a monetary obligation for  
10 health-care goods or services provided.

11 (Lm) “Instrument” means a negotiable instrument or any other writing that  
12 evidences a right to the payment of a monetary obligation, is not itself a security  
13 agreement or lease, and is of a type that in ordinary course of business is transferred  
14 by delivery with any necessary endorsement or assignment. The term does not  
15 include investment property; letters of credit; or writings that evidence a right to  
16 payment arising out of the use of a credit or charge card or information contained on  
17 or for use with the card.

18 (Ls) “Inventory” means goods, other than farm products, which:

- 19 1. Are leased by a person as lessor;
- 20 2. Are held by a person for sale or lease or to be furnished under a contract of  
21 service;
- 22 3. Are furnished by a person under a contract of service; or
- 23 4. Consist of raw materials, work in process, or materials used or consumed in  
24 a business.

1 (m) “Investment property” means a security, whether certificated or  
2 uncertificated, security entitlement, securities account, commodity contract, or  
3 commodity account.

4 (mcm) “Issuer” means a bank or other person that issues a letter of credit, but  
5 does not include an individual who makes an engagement for personal, family, or  
6 household purposes.

7 (mg) “Jurisdiction of organization”, with respect to a registered organization,  
8 means the jurisdiction under whose law the organization is organized.

9 (mkm) “Letter of credit” means a definite undertaking that satisfies the  
10 requirements of s. 405.104 by an issuer to a beneficiary at the request or for the  
11 account of an applicant or, in the case of a financial institution, to itself or for its own  
12 account, to honor a documentary presentation by payment or delivery of an item of  
13 value.

14 (mm) “Letter-of-credit right” means a right to payment or performance under  
15 a letter of credit, whether or not the beneficiary has demanded or is at the time  
16 entitled to demand payment or performance. The term does not include the right of  
17 a beneficiary to demand payment or performance under a letter of credit.

18 (ms) “Lien creditor” means:

- 19 1. A creditor that has acquired a lien on the property involved by attachment,  
20 levy, or the like;
- 21 2. An assignee for benefit of creditors from the time of assignment;
- 22 3. A trustee in bankruptcy from the date of the filing of the petition; or
- 23 4. A receiver in equity from the time of appointment.

24 (n) “Manufactured home” means a structure, transportable in one or more  
25 sections, which, in the traveling mode, is 8 body feet or more in width or 40 body feet

1 or more in length, or, when erected on site, is 320 or more square feet, and which is  
2 built on a permanent chassis and designed to be used as a dwelling with or without  
3 a permanent foundation when connected to the required utilities, and includes the  
4 plumbing, heating, air-conditioning, and electrical systems contained therein. The  
5 term includes any structure that meets all of the requirements of this paragraph  
6 except the size requirements and with respect to which the manufacturer voluntarily  
7 files a certification required by the U.S. secretary of housing and urban development  
8 and complies with the standards established under title 42 of the U.S. code.

9 (ng) “Manufactured-home transaction” means a secured transaction:

10 1. That creates a purchase-money security interest in a manufactured home,  
11 other than a manufactured home held as inventory; or

12 2. In which a manufactured home, other than a manufactured home held as  
13 inventory, is the primary collateral.

14 (nm) “Mortgage” means a consensual interest in real property, including  
15 fixtures, which secures payment or performance of an obligation.

16 (ns) “New debtor” means a person that becomes bound as debtor under s.  
17 409.203 (4) by a security agreement previously entered into by another person.

18 (o) “New value” means money; money’s worth in property, services, or new  
19 credit; or release by a transferee of an interest in property previously transferred to  
20 the transferee. The term does not include an obligation substituted for another  
21 obligation.

22 (odm) “Nominated person” means a person whom the issuer:

23 1. Designates or authorizes to pay, accept, negotiate, or otherwise give value  
24 under a letter of credit; and

25 2. Undertakes by agreement or custom and practice to reimburse.

1 (og) “Noncash proceeds” means proceeds other than cash proceeds.

2 (om) “Obligor” means a person that, with respect to an obligation secured by  
3 a security interest in or an agricultural lien on the collateral, owes payment or other  
4 performance of the obligation; has provided property other than the collateral to  
5 secure payment or other performance of the obligation; or is otherwise accountable  
6 in whole or in part for payment or other performance of the obligation. The term does  
7 not include issuers or nominated persons under a letter of credit.

8 (os) “Original debtor”, except as used in s. 409.310 (3), means a person that, as  
9 debtor, entered into a security agreement to which a new debtor has become bound  
10 under s. 409.203 (4).

11 (p) “Payment intangible” means a general intangible under which the account  
12 debtor’s principal obligation is a monetary obligation.

13 (pg) “Person related to”, with respect to an individual, means:

- 14 1. The spouse of the individual;  
15 2. A brother, brother-in-law, sister, or sister-in-law of the individual;  
16 3. An ancestor or lineal descendant of the individual or the individual’s spouse;

17 or

- 18 4. Any other relative, by blood or marriage, of the individual or the individual’s  
19 spouse who shares the same home with the individual.

20 (pm) “Person related to”, with respect to an organization, means:

- 21 1. A person directly or indirectly controlling, controlled by, or under common  
22 control with the organization;

- 23 2. An officer or director of, or a person performing similar functions with respect  
24 to, the organization;

1           3. An officer or director of, or a person performing similar functions with respect  
2 to, a person described in subd. 1.;

3           4. The spouse of an individual described in subd. 1., 2., or 3.; or

4           5. An individual who is related by blood or marriage to an individual described  
5 in subd. 1., 2., 3., or 4. and shares the same home with the individual.

6           (ps) “Proceeds”, except as used in s. 409.609 (2), means the following property:

7           1. Whatever is acquired upon the sale, lease, license, exchange, or other  
8 disposition of collateral;

9           2. Whatever is collected on, or distributed on account of, collateral;

10          3. Rights arising out of collateral;

11          4. To the extent of the value of collateral, claims arising out of the loss,  
12 nonconformity, or interference with the use of, defects or infringement of rights in,  
13 or damage to, the collateral; or

14          5. To the extent of the value of collateral and to the extent payable to the debtor  
15 or the secured party, insurance payable by reason of the loss or nonconformity of,  
16 defects or infringement of rights in, or damage to, the collateral.

17          (ptm) “Proceeds of a letter of credit” means the cash, check, accepted draft, or  
18 other item of value paid or delivered upon honor or giving of value by the issuer or  
19 any nominated person under the letter of credit. The term does not include a  
20 beneficiary’s drawing rights or documents presented by the beneficiary.

21          (pu) “Production–money crops” means crops that secure a production–money  
22 obligation incurred with respect to the production of those crops.

23          (pv) “Production–money obligation” means an obligation of an obligor incurred  
24 for new value given to enable the debtor to produce crops if the value is in fact used  
25 for the production of the crops.

1 (pw) “Production of crops” means the use of seed, fertilizer, or chemicals for  
2 growing crops or protecting them from damage or disease.

3 (q) “Promissory note” means an instrument that evidences a promise to pay a  
4 monetary obligation, does not evidence an order to pay, and does not contain an  
5 acknowledgment by a bank that the bank has received for deposit a sum of money  
6 or funds.

7 (qg) “Proposal” means a record authenticated by a secured party which  
8 includes the terms on which the secured party is willing to accept collateral in full  
9 or partial satisfaction of the obligation it secures pursuant to ss. 409.620, 409.621,  
10 and 409.622.

11 (qm) “Public–finance transaction” means a secured transaction in connection  
12 with which:

- 13 1. Debt securities are issued;
- 14 2. All or a portion of the securities issued have an initial stated maturity of at  
15 least 20 years; and
- 16 3. The debtor, obligor, secured party, account debtor or other person obligated  
17 on collateral, assignor or assignee of a secured obligation, or assignor or assignee of  
18 a security interest is a state or a governmental unit of a state.

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

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

1 (rg) “Registered organization” means an organization organized solely under  
2 the law of a single state or the United States and as to which the state or the United  
3 States must maintain a public record showing the organization to have been  
4 organized.

5 (rm) “Secondary obligor” means an obligor to the extent that:

- 6 1. The obligor’s obligation is secondary; or
- 7 2. The obligor has a right of recourse with respect to an obligation secured by  
8 collateral against the debtor, another obligor, or property of either.

9 (rs) “Secured party” means:

- 10 1. A person in whose favor a security interest is created or provided for under  
11 a security agreement, whether or not any obligation to be secured is outstanding;
- 12 2. A person that holds an agricultural lien;
- 13 3. A consignor;
- 14 4. A person to which accounts, chattel paper, payment intangibles, or  
15 promissory notes have been sold;
- 16 5. A trustee, indenture trustee, agent, collateral agent, or other representative  
17 in whose favor a security interest or agricultural lien is created or provided for; or
- 18 6. A person that holds a security interest arising under s. 402.401, 402.505,  
19 402.711 (3), 404.210, 405.118, or 411.508 (5).

20 (s) “Security agreement” means an agreement that creates or provides for a  
21 security interest.

22 (sg) “Send”, in connection with a record or notification, means:

- 23 1. To deposit in the mail, deliver for transmission, or transmit by any other  
24 usual means of communication, with postage or cost of transmission provided for,  
25 addressed to any address reasonable under the circumstances; or

1           2. To cause the record or notification to be received within the time that it would  
2 have been received if properly sent under subd. 1.

3           (sm) “Software” means a computer program and any supporting information  
4 provided in connection with a transaction relating to the program. The term does not  
5 include a computer program that is included in the definition of goods.

6           (ss) “State” means a state of the United States, the District of Columbia, Puerto  
7 Rico, the United States Virgin Islands, or any territory or insular possession subject  
8 to the jurisdiction of the United States.

9           (t) “Supporting obligation” means a letter-of-credit right or secondary  
10 obligation that supports the payment or performance of an account, chattel paper,  
11 a document, a general intangible, an instrument, or investment property.

12           (tg) “Tangible chattel paper” means chattel paper evidenced by a record or  
13 records consisting of information that is inscribed on a tangible medium.

14           (tm) “Termination statement” means an amendment of a financing statement  
15 which:

16           1. Identifies, by its file number, the initial financing statement to which it  
17 relates; and

18           2. Indicates either that it is a termination statement or that the identified  
19 financing statement is no longer effective.

20           (ts) “Transmitting utility” means a person primarily engaged in the business  
21 of:

22           1. Operating a railroad, subway, street railway, or trolley bus;

23           2. Transmitting communications electrically, electromagnetically, or by light;

24           3. Transmitting goods by pipeline or sewer; or

25           4. Transmitting or producing and transmitting electricity, steam, gas, or water.

1           (2) DEFINITIONS IN OTHER CHAPTERS. The following definitions in other chapters  
2 apply to this chapter:

3           (b) “Broker” — s. 408.102.

4           (bm) “Certificated security” — s. 408.102.

5           (c) “Check” — s. 403.104.

6           (cm) “Clearing corporation” — s. 408.102.

7           (d) “Contract for sale” — s. 402.106.

8           (dm) “Customer” — s. 404.104.

9           (e) “Entitlement holder” — s. 408.102.

10          (em) “Financial asset” — s. 408.102.

11          (f) “Holder in due course” — s. 403.302.

12          (g) “Issuer” (with respect to a security) — s. 408.201.

13          (gm) “Lease” — s. 411.103.

14          (h) “Lease agreement” — s. 411.103.

15          (hm) “Lease contract” — s. 411.103.

16          (i) “Leaschold interest” — s. 411.103.

17          (im) “Lessee” — s. 411.103.

18          (j) “Lessee in ordinary course of business” — s. 411.103.

19          (jm) “Lessor” — s. 411.103.

20          (k) “Lessor’s residual interest” — s. 411.103.

21          (L) “Merchant” — s. 402.104.

22          (Lm) “Negotiable instrument” — s. 403.104.

23          (mm) “Note” — s. 403.104.

24          (nm) “Prove” — s. 403.103.

25          (o) “Sale” — s. 402.106.

1 (om) “Securities account” — s. 408.501.

2 (p) “Securities intermediary” — s. 408.102.

3 (pm) “Security” — s. 408.102.

4 (q) “Security certificate” — s. 408.102.

5 (qm) “Security entitlement” — s. 408.102.

6 (r) “Uncertificated security” — s. 408.102.

7 (3) CHAPTER 401 DEFINITIONS AND PRINCIPLES. Chapter 401 contains general  
8 definitions and principles of construction and interpretation applicable throughout  
9 this chapter.

10 **409.103 Purchase–money security interest; application of payments;**  
11 **burden of establishing. (1) DEFINITIONS. In this section:**

12 (a) “Purchase–money collateral” means goods or software that secures a  
13 purchase–money obligation incurred with respect to that collateral.

14 (b) “Purchase–money obligation” means an obligation of an obligor incurred as  
15 all or part of the price of the collateral or for value given to enable the debtor to  
16 acquire rights in or the use of the collateral if the value is in fact so used.

17 (2) PURCHASE–MONEY SECURITY INTEREST IN GOODS. A security interest in goods  
18 is a purchase–money security interest:

19 (a) To the extent that the goods are purchase–money collateral with respect to  
20 that security interest;

21 (b) If the security interest is in inventory that is or was purchase–money  
22 collateral, also to the extent that the security interest secures a purchase–money  
23 obligation incurred with respect to other inventory in which the secured party holds  
24 or held a purchase–money security interest; and

1           (c) Also to the extent that the security interest secures a purchase–money  
2 obligation incurred with respect to software in which the secured party holds or held  
3 a purchase–money security interest.

4           (3) PURCHASE–MONEY SECURITY INTEREST IN SOFTWARE. A security interest in  
5 software is a purchase–money security interest to the extent that the security  
6 interest also secures a purchase–money obligation incurred with respect to goods in  
7 which the secured party holds or held a purchase–money security interest if:

8           (a) The debtor acquired its interest in the software in an integrated transaction  
9 in which it acquired an interest in the goods; and

10           (b) The debtor acquired its interest in the software for the principal purpose  
11 of using the software in the goods.

12           (4) CONSIGNOR'S INVENTORY PURCHASE–MONEY SECURITY INTEREST. The security  
13 interest of a consignor in goods that are the subject of a consignment is a  
14 purchase–money security interest in inventory.

15           (5) APPLICATION OF PAYMENT IN NONCONSUMER–GOODS TRANSACTION. In a  
16 transaction other than a consumer–goods transaction, if the extent to which a  
17 security interest is a purchase–money security interest depends on the application  
18 of a payment to a particular obligation, the payment must be applied:

19           (a) In accordance with any reasonable method of application to which the  
20 parties agree;

21           (b) In the absence of the parties' agreement to a reasonable method, in  
22 accordance with any intention of the obligor manifested at or before the time of  
23 payment; or

24           (c) In the absence of an agreement to a reasonable method and a timely  
25 manifestation of the obligor's intention, in the following order:

1           1. To obligations that are not secured; and

2           2. If more than one obligation is secured, to obligations secured by  
3 purchase–money security interests in the order in which those obligations were  
4 incurred.

5           **(6) NO LOSS OF STATUS OF PURCHASE–MONEY SECURITY INTEREST IN**  
6 **NONCONSUMER–GOODS TRANSACTION.** In a transaction other than a consumer–goods  
7 transaction, a purchase–money security interest does not lose its status as such, even  
8 if:

9           (a) The purchase–money collateral also secures an obligation that is not a  
10 purchase–money obligation;

11           (b) Collateral that is not purchase–money collateral also secures the  
12 purchase–money obligation; or

13           (c) The purchase–money obligation has been renewed, refinanced,  
14 consolidated, or restructured.

15           **(7) BURDEN OF PROOF IN NONCONSUMER–GOODS TRANSACTION.** In a transaction  
16 other than a consumer–goods transaction, a secured party claiming a  
17 purchase–money security interest has the burden of establishing the extent to which  
18 the security interest is a purchase–money security interest.

19           **(8) NONCONSUMER–GOODS TRANSACTIONS; NO INFERENCE.** The limitation of the  
20 rules in subs. (5) to (7) to transactions other than consumer–goods transactions is  
21 intended to leave to the court the determination of the proper rules in  
22 consumer–goods transactions. The court may not infer from that limitation the  
23 nature of the proper rule in consumer–goods transactions and may continue to apply  
24 established approaches.

1           **409.1035 Production–money crops; production–money obligation;**  
2           **production–money security interest; burden of establishing.** (1) A security  
3           interest in crops is a production–money security interest to the extent that the crops  
4           are production–money crops.

5           (2) If the extent to which a security interest is a production–money security  
6           interest depends on the application of a payment to a particular obligation, the  
7           payment must be applied in the following order until fully applied:

8           (a) First, to all production–money obligations secured by production–money  
9           crops, in the order in which those obligations were incurred;

10          (b) Second, to all obligations secured by conflicting security interests in the  
11          production–money crops referred to in par. (a), in the order in which those obligations  
12          were incurred; and

13          (c) Third, to all unsecured obligations of the debtor making the payment, in the  
14          order in which those obligations were incurred.

15          (3) A production–money security interest does not lose its status as such, even  
16          if:

17          (a) The production–money crops also secure an obligation that is not a  
18          production–money obligation;

19          (b) Collateral that is not production–money crops also secures the  
20          production–money obligation; or

21          (c) The production–money obligation has been renewed, refinanced, or  
22          restructured.

23          (4) A secured party claiming a production–money security interest has the  
24          burden of establishing the extent to which the security interest is a  
25          production–money security interest.

1           (5) This section does not affect any right to proceeds under s. 409.315.

2           (6) A person may not claim a purchase–money security interest in crops grown,  
3 growing, or to be grown.

4           **409.104 Control of deposit account. (1) REQUIREMENTS FOR CONTROL.** A  
5 secured party has control of a deposit account if:

6           (a) The secured party is the bank with which the deposit account is maintained;

7           (b) The debtor, secured party, and bank have agreed in an authenticated record  
8 that the bank will comply with instructions originated by the secured party directing  
9 disposition of the funds in the deposit account without further consent by the debtor;  
10 or

11           (c) The secured party becomes the bank's customer with respect to the deposit  
12 account.

13           **(2) DEBTOR'S RIGHT TO DIRECT DISPOSITION.** A secured party that has satisfied  
14 sub. (1) has control, even if the debtor retains the right to direct the disposition of  
15 funds from the deposit account.

16           **409.105 Control of electronic chattel paper.** A secured party has control  
17 of electronic chattel paper if the record or records comprising the chattel paper are  
18 created, stored, and assigned in such a manner that:

19           (1) A single authoritative copy of the record or records exists which is unique,  
20 identifiable and, except as otherwise provided in subs. (4) to (6), unalterable;

21           (2) The authoritative copy identifies the secured party as the assignee of the  
22 record or records;

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

1           (4) Copies or revisions that add or change an identified assignee of the  
2 authoritative copy can be made only with the participation of the secured party;

3           (5) Each copy of the authoritative copy and any copy of a copy is readily  
4 identifiable as a copy that is not the authoritative copy; and

5           (6) Any revision of the authoritative copy is readily identifiable as an  
6 authorized or unauthorized revision.

7           **409.106 Control of investment property. (1) CONTROL UNDER S. 408.106.** A  
8 person has control of a certificated security, uncertificated security, or security  
9 entitlement as provided in s. 408.106.

10           **(2) CONTROL OF COMMODITY CONTRACT.** A secured party has control of a  
11 commodity contract if:

12           (a) The secured party is the commodity intermediary with which the  
13 commodity contract is carried; or

14           (b) The commodity customer, secured party, and commodity intermediary have  
15 agreed that the commodity intermediary will apply any value distributed on account  
16 of the commodity contract as directed by the secured party without further consent  
17 by the commodity customer.

18           **(3) EFFECT OF CONTROL OF SECURITIES ACCOUNT OR COMMODITY ACCOUNT.** A secured  
19 party having control of all security entitlements or commodity contracts carried in  
20 a securities account or commodity account has control over the securities account or  
21 commodity account.

22           **409.107 Control of letter-of-credit right.** A secured party has control of  
23 a letter-of-credit right to the extent of any right to payment or performance by the  
24 issuer or any nominated person if the issuer or nominated person has consented to

1 an assignment of proceeds of the letter of credit under ch. 405 or otherwise applicable  
2 law or practice.

3 **409.108 Sufficiency of description.** (1) SUFFICIENCY OF DESCRIPTION. Except  
4 as otherwise provided in subs. (3) to (5), a description of personal or real property is  
5 sufficient, whether or not it is specific, if it reasonably identifies what is described.

6 (2) EXAMPLES OF REASONABLE IDENTIFICATION. Except as otherwise provided in  
7 sub. (4), a description of collateral reasonably identifies the collateral if it identifies  
8 the collateral by:

9 (a) Specific listing;

10 (b) Category;

11 (c) Except as otherwise provided in sub. (5), a type of collateral defined in chs.  
12 401 to 411;

13 (d) Quantity;

14 (e) Computational or allocational formula or procedure; or

15 (f) Except as otherwise provided in sub. (3), any other method, if the identity  
16 of the collateral is objectively determinable.

17 (3) SUPERGENERIC DESCRIPTION NOT SUFFICIENT. A description of collateral as “all  
18 the debtor’s assets” or “all the debtor’s personal property” or using words of similar  
19 import does not reasonably identify the collateral.

20 (4) INVESTMENT PROPERTY. Except as otherwise provided in sub. (5), a  
21 description of a security entitlement, securities account, or commodity account is  
22 sufficient if it describes:

23 (a) The collateral by those terms or as investment property; or

24 (b) The underlying financial asset or commodity contract.

1           **(5) WHEN DESCRIPTION BY TYPE INSUFFICIENT.** A description only by type of  
2 collateral defined in chs. 401 to 411 is an insufficient description of:

3           (a) A commercial tort claim; or

4           (b) In a consumer transaction, consumer goods, a security entitlement, a  
5 securities account, or a commodity account.

6           **409.109 Scope. (1) GENERAL SCOPE OF CHAPTER.** Except as otherwise provided  
7 in subs. (3) and (4), this chapter applies to:

8           (a) A transaction, regardless of its form, that creates a security interest in  
9 personal property or fixtures by contract;

10          (b) An agricultural lien;

11          (c) A sale of accounts, chattel paper, payment intangibles, or promissory notes;

12          (d) A consignment;

13          (e) A security interest arising under s. 402.401, 402.505, 402.711 (3), or 411.508  
14 (5), as provided in s. 409.110; and

15          (f) A security interest arising under s. 404.210 or 405.118.

16           **(2) SECURITY INTEREST IN SECURED OBLIGATION.** The application of this chapter  
17 to a security interest in a secured obligation is not affected by the fact that the  
18 obligation is itself secured by a transaction or interest to which this chapter does not  
19 apply.

20           **(3) EXTENT TO WHICH CHAPTER DOES NOT APPLY.** This chapter does not apply to  
21 the extent that:

22          (a) A statute, regulation, or treaty of the United States preempts this chapter;

23          (b) Another statute of this state expressly governs the creation, perfection,  
24 priority, or enforcement of a security interest created by this state or a governmental  
25 unit of this state;

1 (c) A statute of another state, a foreign country, or a governmental unit of  
2 another state or a foreign country, other than a statute generally applicable to  
3 security interests, expressly governs creation, perfection, priority, or enforcement of  
4 a security interest created by the state, country, or governmental unit; or

5 (d) The rights of a transferee beneficiary or nominated person under a letter  
6 of credit are independent and superior under ch.405.

7 (4) INAPPLICABILITY OF CHAPTER. This chapter does not apply to:

8 (a) A landlord's lien, other than an agricultural lien;

9 (b) A lien, other than an agricultural lien, given by statute or other rule of law  
10 for services or materials, but s. 409.333 applies with respect to priority of the lien;

11 (c) An assignment of a claim for wages, salary, or other compensation of an  
12 employee;

13 (cm) An assignment of a claim or right to receive compensation for injuries or  
14 sickness under a worker's compensation or worker's disability statute of any state;

15 (d) A sale of accounts, chattel paper, payment intangibles, or promissory notes  
16 as part of a sale of the business out of which they arose;

17 (e) An assignment of accounts, chattel paper, payment intangibles, or  
18 promissory notes which is for the purpose of collection only;

19 (f) An assignment of a right to payment under a contract to an assignee that  
20 is also obligated to perform under the contract;

21 (g) An assignment of a single account, payment intangible, or promissory note  
22 to an assignee in full or partial satisfaction of a preexisting indebtedness;

23 (h) A transfer of an interest in or an assignment of a claim under a policy of  
24 insurance, other than an assignment by or to a health-care provider of a  
25 health-care-insurance receivable and any subsequent assignment of the right to