

1 provided in subs. (3) to (5), if the requirements of sub. (2) are satisfied, a perfected
2 production–money security interest in production–money crops has priority over a
3 conflicting security interest in the same crops and, except as otherwise provided in
4 ***s. 409.327, also has priority in their identifiable proceeds.

5 (2) A production–money security interest has priority under sub. (1) if:

6 (a) The production–money security interest is perfected by filing when the
7 production–money secured party first gives new value to enable the debtor to
8 produce the crops;

9 (b) The production–money secured party sends an authenticated notification to
10 the holder of the conflicting security interest not less than 10 or more than 30 days
11 before the production–money secured party first gives new value to enable the debtor
12 to produce the crops if the holder had filed a financing statement covering the crops
13 before the date of the filing made by the production–money secured party; and

14 (c) The notification states that the production–money secured party has or
15 expects to acquire a production–money security interest in the debtor’s crops and
16 provides a description of the crops.

17 (3) Except as otherwise provided in sub. (4) or (5), if more than one security
18 interest qualifies for priority in the same collateral under sub. (1), the security
19 interests rank according to priority in time of filing under ***s. 409.322 (1).

20 (4) To the extent that a person holding a perfected security interest in
21 production–money crops that are the subject of a production–money security interest
22 gives new value to enable the debtor to produce the production–money crops and the
23 value is in fact used for the production of the production–money crops, the security
24 interests rank according to priority in time of filing under ***s. 409.322 (1).

1 (5) To the extent that a person holds both an agricultural lien and a
2 production–money security interest in the same collateral securing the same
3 obligations, the rules of priority applicable to agricultural liens govern priority.]

4 **409.324 Priority of purchase–money security interests.** (1) GENERAL
5 RULE: PURCHASE–MONEY PRIORITY. Except as otherwise provided in sub. (7), a perfected
6 purchase–money security interest in goods other than inventory or livestock has
7 priority over a conflicting security interest in the same goods, and, except as
8 otherwise provided in ***s. 409.327, a perfected security interest in its identifiable
9 proceeds also has priority, if the purchase–money security interest is perfected when
10 the debtor receives possession of the collateral or within 20 days thereafter.

11 (2) INVENTORY PURCHASE–MONEY PRIORITY. Subject to sub. (3) and except as
12 otherwise provided in sub. (7), a perfected purchase–money security interest in
13 inventory has priority over a conflicting security interest in the same inventory, has
14 priority over a conflicting security interest in chattel paper or an instrument
15 constituting proceeds of the inventory and in proceeds of the chattel paper, if so
16 provided in ***s. 409.330, and, except as otherwise provided in ***s. 409.327, also
17 has priority in identifiable cash proceeds of the inventory to the extent the
18 identifiable cash proceeds are received on or before the delivery of the inventory to
19 a buyer, if:

20 (a) The purchase–money security interest is perfected when the debtor receives
21 possession of the inventory;

22 (b) The purchase–money secured party sends an authenticated notification to
23 the holder of the conflicting security interest;

24 (c) The holder of the conflicting security interest receives the notification within
25 5 years before the debtor receives possession of the inventory; and

1 (d) The notification states that the person sending the notification has or
2 expects to acquire a purchase–money security interest in inventory of the debtor and
3 describes the inventory.

4 **(3) HOLDERS OF CONFLICTING INVENTORY SECURITY INTERESTS TO BE NOTIFIED.**
5 Subsection (2) (b) to (d) apply only if the holder of the conflicting security interest had
6 filed a financing statement covering the same types of inventory:

7 (a) If the purchase–money security interest is perfected by filing, before the
8 date of the filing; or

9 (b) If the purchase–money security interest is temporarily perfected without
10 filing or possession under ***s. 409.312 (6), before the beginning of the 20–day period
11 thereunder.

12 **(4) LIVESTOCK PURCHASE–MONEY PRIORITY.** Subject to sub. (5) and except as
13 otherwise provided in sub. (7), a perfected purchase–money security interest in
14 livestock that are farm products has priority over a conflicting security interest in
15 the same livestock, and, except as otherwise provided in ***s. 409.327, a perfected
16 security interest in their identifiable proceeds and identifiable products in their
17 unmanufactured states also has priority, if:

18 (a) The purchase–money security interest is perfected when the debtor receives
19 possession of the livestock;

20 (b) The purchase–money secured party sends an authenticated notification to
21 the holder of the conflicting security interest;

22 (c) The holder of the conflicting security interest receives the notification within
23 6 months before the debtor receives possession of the livestock; and

1 (d) The notification states that the person sending the notification has or
2 expects to acquire a purchase–money security interest in livestock of the debtor and
3 describes the livestock.

4 (5) HOLDERS OF CONFLICTING LIVESTOCK SECURITY INTERESTS TO BE NOTIFIED.
5 Subsection (4) (b) to (d) apply only if the holder of the conflicting security interest had
6 filed a financing statement covering the same types of livestock:

7 (a) If the purchase–money security interest is perfected by filing, before the
8 date of the filing; or

9 (b) If the purchase–money security interest is temporarily perfected without
10 filing or possession under ***s. 409.312 (6), before the beginning of the 20–day period
11 thereunder.

12 (6) SOFTWARE PURCHASE–MONEY PRIORITY. Except as otherwise provided in sub.
13 (7), a perfected purchase–money security interest in software has priority over a
14 conflicting security interest in the same collateral, and, except as otherwise provided
15 in ***s. 409.327, a perfected security interest in its identifiable proceeds also has
16 priority, to the extent that the purchase–money security interest in the goods in
17 which the software was acquired for use has priority in the goods and proceeds of the
18 goods under this section.

19 (7) CONFLICTING PURCHASE–MONEY SECURITY INTERESTS. If more than one security
20 interest qualifies for priority in the same collateral under sub. (1), (2), (4) or (6):

21 (a) A security interest securing an obligation incurred as all or part of the price
22 of the collateral has priority over a security interest securing an obligation incurred
23 for value given to enable the debtor to acquire rights in or the use of collateral; and

24 (b) In all other cases, ***s. 409.322 (1) applies to the qualifying security
25 interests.

409.325 Priority of security interests in transferred collateral. (1)

SUBORDINATION OF SECURITY INTEREST IN TRANSFERRED COLLATERAL. Except as otherwise provided in sub. (2), a security interest created by a debtor is subordinate to a security interest in the same collateral created by another person if:

(a) The debtor acquired the collateral subject to the security interest created by the other person;

(b) The security interest created by the other person was perfected when the debtor acquired the collateral; and

(c) There is no period thereafter when the security interest is unperfected.

(2) LIMITATION OF SUB. (1) SUBORDINATION. Subsection (1) subordinates a security interest only if the security interest:

(a) Otherwise would have priority solely under ***s. 409.322 (1) or 409.324; or

(b) Arose solely under s. 402.711 (3) or 411.508 (5).

409.326 Priority of security interests created by new debtor. (1)

SUBORDINATION OF SECURITY INTEREST CREATED BY NEW DEBTOR. Subject to sub. (2), a security interest created by a new debtor which is perfected by a filed financing statement that is effective solely under ***s. 409.508 in collateral in which a new debtor has or acquires rights is subordinate to a security interest in the same collateral which is perfected other than by a filed financing statement that is effective solely under ***s. 409.508.

(2) PRIORITY UNDER OTHER PROVISIONS; MULTIPLE ORIGINAL DEBTORS. The other provisions of this subchapter determine the priority among conflicting security interests in the same collateral perfected by filed financing statements that are effective solely under ***s. 409.508. However, if the security agreements to which a new debtor became bound as debtor were not entered into by the same original

1 debtor, the conflicting security interests rank according to priority in time of the new
2 debtor's having become bound.

3 **409.327 Priority of security interests in deposit account.** The following
4 rules govern priority among conflicting security interests in the same deposit
5 account:

6 (1) A security interest held by a secured party having control of the deposit
7 account under ***s. 409.104 has priority over a conflicting security interest held by
8 a secured party that does not have control.

9 (2) Except as otherwise provided in subs. (3) and (4), security interests
10 perfected by control under ***s. 409.314 rank according to priority in time of
11 obtaining control.

12 (3) Except as otherwise provided in sub. (4), a security interest held by the bank
13 with which the deposit account is maintained has priority over a conflicting security
14 interest held by another secured party.

15 (4) A security interest perfected by control under ***s. 409.104 (1) (c) has
16 priority over a security interest held by the bank with which the deposit account is
17 maintained.

18 **409.328 Priority of security interests in investment property.** The
19 following rules govern priority among conflicting security interests in the same
20 investment property:

21 (1) A security interest held by a secured party having control of investment
22 property under ***s. 409.106 has priority over a security interest held by a secured
23 party that does not have control of the investment property.

1 (2) Except as otherwise provided in subs. (3) and (4), conflicting security
2 interests held by secured parties each of which has control under ***s. 409.106 rank
3 according to priority in time of:

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

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

6 1. If the secured party obtained control under s. 408.106 (d) (1), the secured
7 party's becoming the person for which the securities account is maintained;

8 2. If the secured party obtained control under s. 408.106 (d) (2), the securities
9 intermediary's agreement to comply with the secured party's entitlement orders with
10 respect to security entitlements carried or to be carried in the securities account; or

11 3. If the secured party obtained control through another person under s.
12 408.106 (d) (3), the time on which priority would be based under this subsection if
13 the other person were the secured party; or

14 (c) If the collateral is a commodity contract carried with a commodity
15 intermediary, the satisfaction of the requirement for control specified in ***s.
16 409.106 (2) (b) with respect to commodity contracts carried or to be carried with the
17 commodity intermediary.

18 (3) A security interest held by a securities intermediary in a security
19 entitlement or a securities account maintained with the securities intermediary has
20 priority over a conflicting security interest held by another secured party.

21 (4) A security interest held by a commodity intermediary in a commodity
22 contract or a commodity account maintained with the commodity intermediary has
23 priority over a conflicting security interest held by another secured party.

24 (5) A security interest in a certificated security in registered form which is
25 perfected by taking delivery under ***s. 409.313(1) and not by control under ***s.

1 409.314 has priority over a conflicting security interest perfected by a method other
2 than control.

3 (6) Conflicting security interests created by a broker, securities intermediary,
4 or commodity intermediary which are perfected without control under ***s. 409.106
5 rank equally.

6 (7) In all other cases, priority among conflicting security interests in
7 investment property is governed by ss. 409.322 and 409.323.

8 **409.329 Priority of security interests in letter-of-credit right.** The
9 following rules govern priority among conflicting security interests in the same
10 letter-of-credit right:

11 (1) A security interest held by a secured party having control of the
12 letter-of-credit right under ***s. 409.107 has priority to the extent of its control over
13 a conflicting security interest held by a secured party that does not have control.

14 (2) Security interests perfected by control under ***s. 409.314 rank according
15 to priority in time of obtaining control.

16 **409.330 Priority of purchaser of chattel paper or instrument.** (1)
17 PURCHASER'S PRIORITY: SECURITY INTEREST CLAIMED MERELY AS PROCEEDS. A purchaser
18 of chattel paper has priority over a security interest in the chattel paper which is
19 claimed merely as proceeds of inventory subject to a security interest if:

20 (a) In good faith and in the ordinary course of the purchaser's business, the
21 purchaser gives new value and takes possession of the chattel paper or obtains
22 control of the chattel paper under ***s. 409.105; and

23 (b) The chattel paper does not indicate that it has been assigned to an identified
24 assignee other than the purchaser.

1 **(2) PURCHASER'S PRIORITY: OTHER SECURITY INTERESTS.** A purchaser of chattel
2 paper has priority over a security interest in the chattel paper which is claimed other
3 than merely as proceeds of inventory subject to a security interest if the purchaser
4 gives new value and takes possession of the chattel paper or obtains control of the
5 chattel paper under *** s. 409.105 in good faith, in the ordinary course of the
6 purchaser's business, and without knowledge that the purchase violates the rights
7 of the secured party.

8 **(3) CHATTEL PAPER PURCHASER'S PRIORITY IN PROCEEDS.** Except as otherwise
9 provided in *** s. 409.327, a purchaser having priority in chattel paper under sub.
10 (1) or (2) also has priority in proceeds of the chattel paper to the extent that:

11 (a) Section *** 409.322 provides for priority in the proceeds; or

12 (b) The proceeds consist of the specific goods covered by the chattel paper or
13 cash proceeds of the specific goods, even if the purchaser's security interest in the
14 proceeds is unperfected.

15 **(4) INSTRUMENT PURCHASER'S PRIORITY.** Except as otherwise provided in ***s.
16 409.331 (1), a purchaser of an instrument has priority over a security interest in the
17 instrument perfected by a method other than possession if the purchaser gives value
18 and takes possession of the instrument in good faith and without knowledge that the
19 purchase violates the rights of the secured party.

20 **(5) HOLDER OF PURCHASE-MONEY SECURITY INTEREST GIVES NEW VALUE.** For
21 purposes of subs. (1) and (2), the holder of a purchase-money security interest in
22 inventory gives new value for chattel paper constituting proceeds of the inventory.

23 **(6) INDICATION OF ASSIGNMENT GIVES KNOWLEDGE.** For purposes of subs. (2) and
24 (4), if chattel paper or an instrument indicates that it has been assigned to an
25 identified secured party other than the purchaser, a purchaser of the chattel paper

1 or instrument has knowledge that the purchase violates the rights of the secured
2 party.

3 **409.331 Priority of rights of purchasers of instruments, documents and**
4 **securities under other chapters; priority of interests in financial assets and**
5 **security entitlements under ch. 408. (1) RIGHTS UNDER CHS. 403, 407 AND 408 NOT**
6 LIMITED. This chapter does not limit the rights of a holder in due course of a negotiable
7 instrument, a holder to which a negotiable document of title has been duly negotiated
8 or a protected purchaser of a security. These holders or purchasers take priority over
9 an earlier security interest, even if perfected, to the extent provided in chs. 403, 407
10 and 408.

11 (2) PROTECTION UNDER CH. 408. This chapter does not limit the rights of or impose
12 liability on a person to the extent that the person is protected against the assertion
13 of an adverse claim under ch. 408.

14 (3) FILING NOT NOTICE. Filing under this chapter does not constitute notice of
15 a claim or defense to the holders, or purchasers, or persons described in subs. (1) and
16 (2).

17 **409.332 Transfer of money; transfer of funds from deposit account. (1)**
18 TRANSFEREE OF MONEY. A transferee of money takes the money free of a security
19 interest unless the transferee acts in collusion with the debtor in violating the rights
20 of the secured party.

21 (2) TRANSFEREE OF FUNDS FROM DEPOSIT ACCOUNT. A transferee of funds from a
22 deposit account takes the funds free of a security interest in the deposit account
23 unless the transferee acts in collusion with the debtor in violating the rights of the
24 secured party.

1 **409.333 Priority of certain liens arising by operation of law. (1)**

2 POSSESSORY LIEN. In this section, “possessory lien” means an interest, other than a
3 security interest or an agricultural lien:

4 (a) Which secures payment or performance of an obligation for services or
5 materials furnished with respect to goods by a person in the ordinary course of the
6 person’s business;

7 (b) Which is created by statute or rule of law in favor of the person; and

8 (c) Whose effectiveness depends on the person’s possession of the goods.

9 **(2) PRIORITY OF POSSESSORY LIEN.** A possessory lien on goods has priority over
10 a security interest in the goods unless the lien is created by a statute that expressly
11 provides otherwise.

12 **409.334 Priority of security interests in fixtures and crops. (1) SECURITY**
13 **INTEREST IN FIXTURES UNDER THIS CHAPTER.** A security interest under this chapter may
14 be created in goods that are fixtures or may continue in goods that become fixtures.
15 A security interest does not exist under this chapter in ordinary building materials
16 incorporated into an improvement on land.

17 **(2) SECURITY INTEREST IN FIXTURES UNDER REAL-PROPERTY LAW.** This chapter does
18 not prevent creation of an encumbrance upon fixtures under real property law.

19 **(3) GENERAL RULE: SUBORDINATION OF SECURITY INTEREST IN FIXTURES.** In cases
20 not governed by subs. (4) to (8), a security interest in fixtures is subordinate to a
21 conflicting interest of an encumbrancer or owner of the related real property other
22 than the debtor.

23 **(4) FIXTURES PURCHASE-MONEY PRIORITY.** Except as otherwise provided in sub.
24 (8), a perfected security interest in fixtures has priority over a conflicting interest of

1 an encumbrancer or owner of the real property if the debtor has an interest of record
2 in or is in possession of the real property and:

3 (a) The security interest is a purchase–money security interest;

4 (b) The interest of the encumbrancer or owner arises before the goods become
5 fixtures; and

6 (c) The security interest is perfected by a fixture filing before the goods become
7 fixtures or within 20 days thereafter.

8 (5) PRIORITY OF SECURITY INTEREST IN FIXTURES OVER INTERESTS IN REAL PROPERTY.

9 A perfected security interest in fixtures has priority over a conflicting interest of an
10 encumbrancer or owner of the real property if:

11 (a) The debtor has an interest of record in the real property or is in possession
12 of the real property and the security interest:

13 1. Is perfected by a fixture filing before the interest of the encumbrancer or
14 owner is of record; and

15 2. Has priority over any conflicting interest of a predecessor in title of the
16 encumbrancer or owner;

17 (b) Before the goods become fixtures, the security interest is perfected by any
18 method permitted by this chapter and the fixtures are readily removable:

19 1. Factory or office machines;

20 2. Equipment that is not primarily used or leased for use in the operation of the
21 real property; or

22 3. Replacements of domestic appliances that are consumer goods;

23 (c) The conflicting interest is a lien on the real property obtained by legal or
24 equitable proceedings after the security interest was perfected by any method
25 permitted by this chapter; or

1 (d) The security interest is:

2 1. Created in a manufactured home in a manufactured-home transaction; and

3 2. Perfected pursuant to a statute described in ***s. 409.311 (1) (b).

4 **(6) PRIORITY BASED ON CONSENT, DISCLAIMER, OR RIGHT TO REMOVE.** A security
5 interest in fixtures, whether or not perfected, has priority over a conflicting interest
6 of an encumbrancer or owner of the real property if:

7 (a) The encumbrancer or owner has, in an authenticated record, consented to
8 the security interest or disclaimed an interest in the goods as fixtures; or

9 (b) The debtor has a right to remove the goods as against the encumbrancer or
10 owner.

11 **(7) CONTINUATION OF SUB. (6) PRIORITY.** The priority of the security interest under
12 sub. (6) continues for a reasonable time if the debtor's right to remove the goods as
13 against the encumbrancer or owner terminates.

14 **(8) PRIORITY OF CONSTRUCTION MORTGAGE.** A mortgage is a construction
15 mortgage to the extent that it secures an obligation incurred for the construction of
16 an improvement on land, including the acquisition cost of the land, if a recorded
17 record of the mortgage so indicates. Except as otherwise provided in subs. (5) and
18 (6), a security interest in fixtures is subordinate to a construction mortgage if a record
19 of the mortgage is recorded before the goods become fixtures and the goods become
20 fixtures before the completion of the construction. A mortgage has this priority to
21 the same extent as a construction mortgage to the extent that it is given to refinance
22 a construction mortgage.

23 **(9) PRIORITY OF SECURITY INTEREST IN CROPS.** A perfected security interest in
24 crops growing on real property has priority over a conflicting interest of an

1 encumbrancer or owner of the real property if the debtor has an interest of record in
2 or is in possession of the real property.

3 (10) SUB. (9) PREVAILS. Subsection (9) prevails over any inconsistent provisions
4 of the following statutes:

5 [List here any statutes containing provisions inconsistent with sub. (9).]

6 Legislative Note: States that amend statutes to remove provisions inconsistent
7 with sub. (9) need not enact sub. (10).

8 **409.335 Accessions. (1) CREATION OF SECURITY INTEREST IN ACCESSION.** A
9 security interest may be created in an accession and continues in collateral that
10 becomes an accession.

11 (2) PERFECTION OF SECURITY INTEREST. If a security interest is perfected when
12 the collateral becomes an accession, the security interest remains perfected in the
13 collateral.

14 (3) PRIORITY OF SECURITY INTEREST. Except as otherwise provided in sub. (4), the
15 other provisions of this subchapter determine the priority of a security interest in an
16 accession.

17 (4) COMPLIANCE WITH CERTIFICATE-OF-TITLE STATUTE. A security interest in an
18 accession is subordinate to a security interest in the whole which is perfected by
19 compliance with the requirements of a certificate-of-title statute under ***s.
20 409.311 (2).

21 (5) REMOVAL OF ACCESSION AFTER DEFAULT. After default, subject to subch. VI, a
22 secured party may remove an accession from other goods if the security interest in
23 the accession has priority over the claims of every person having an interest in the
24 whole.

1 **(6) REIMBURSEMENT FOLLOWING REMOVAL.** A secured party that removes an
2 accession from other goods under sub. (5) shall promptly reimburse any holder of a
3 security interest or other lien on, or owner of, the whole or of the other goods, other
4 than the debtor, for the cost of repair of any physical injury to the whole or the other
5 goods. The secured party need not reimburse the holder or owner for any diminution
6 in value of the whole or the other goods caused by the absence of the accession
7 removed or by any necessity for replacing it. A person entitled to reimbursement
8 may refuse permission to remove until the secured party gives adequate assurance
9 for the performance of the obligation to reimburse.

10 **409.336 Commingled goods. (1) COMMINGLED GOODS.** In this section,
11 “commingled goods” means goods that are physically united with other goods in such
12 a manner that their identity is lost in a product or mass.

13 **(2) NO SECURITY INTEREST IN COMMINGLED GOODS AS SUCH.** A security interest does
14 not exist in commingled goods as such. However, a security interest may attach to
15 a product or mass that results when goods become commingled goods.

16 **(3) ATTACHMENT OF SECURITY INTEREST TO PRODUCT OR MASS.** If collateral becomes
17 commingled goods, a security interest attaches to the product or mass.

18 **(4) PERFECTION OF SECURITY INTEREST.** If a security interest in collateral is
19 perfected before the collateral becomes commingled goods, the security interest that
20 attaches to the product or mass under sub. (3) is perfected.

21 **(5) PRIORITY OF SECURITY INTEREST.** Except as otherwise provided in sub. (6), the
22 other provisions of this subchapter determine the priority of a security interest that
23 attaches to the product or mass under sub. (3).

1 (6) CONFLICTING SECURITY INTERESTS IN PRODUCT OR MASS. If more than one
2 security interest attaches to the product or mass under sub. (3), the following rules
3 determine priority:

4 (a) A security interest that is perfected under sub. (4) has priority over a
5 security interest that is unperfected at the time the collateral becomes commingled
6 goods.

7 (b) If more than one security interest is perfected under sub. (4), the security
8 interests rank equally in proportion to value of the collateral at the time it became
9 commingled goods.

10 **409.337 Priority of security interests in goods covered by certificate of**
11 **title.** If, while a security interest in goods is perfected by any method under the law
12 of another jurisdiction, this state issues a certificate of title that does not show that
13 the goods are subject to the security interest or contain a statement that they may
14 be subject to security interests not shown on the certificate:

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

19 (2) The security interest is subordinate to a conflicting security interest in the
20 goods that attaches, and is perfected under ***s. 409.311 (2), after issuance of the
21 certificate and without the conflicting secured party's knowledge of the security
22 interest.

23 **409.338 Priority of security interest or agricultural lien perfected by**
24 **filed financing statement providing certain incorrect information.** If a
25 security interest or agricultural lien is perfected by a filed financing statement

1 providing information described in ***s. 409.516 (2) (e) which is incorrect at the time
2 the financing statement is filed:

3 (1) The security interest or agricultural lien is subordinate to a conflicting
4 perfected security interest in the collateral to the extent that the holder of the
5 conflicting security interest gives value in reasonable reliance upon the incorrect
6 information; and

7 (2) A purchaser, other than a secured party, of the collateral takes free of the
8 security interest or agricultural lien to the extent that, in reasonable reliance upon
9 the incorrect information, the purchaser gives value and, in the case of chattel paper,
10 documents, goods, instruments or a security certificate, receives delivery of the
11 collateral.

12 **409.339 Priority subject to subordination.** This chapter does not preclude
13 subordination by agreement by a person entitled to priority.

14 **409.340 Effectiveness of right of recoupment or set-off against deposit**
15 **account.** (1) EXERCISE OF RECOUPMENT OR SET-OFF. Except as otherwise provided in
16 sub. (3), a bank with which a deposit account is maintained may exercise any right
17 of recoupment or set-off against a secured party that holds a security interest in the
18 deposit account.

19 (2) RECOUPMENT OR SETOFF NOT AFFECTED BY SECURITY INTEREST. Except as
20 otherwise provided in sub. (3), the application of this chapter to a security interest
21 in a deposit account does not affect a right of recoupment or set-off of the secured
22 party as to a deposit account maintained with the secured party.

23 (3) WHEN SET-OFF INEFFECTIVE. The exercise by a bank of a set-off against a
24 deposit account is ineffective against a secured party that holds a security interest

1 in the deposit account which is perfected by control under ***s. 409.104 (1) (c), if the
2 set-off is based on a claim against the debtor.

3 **409.341 Bank’s rights and duties with respect to deposit account.**

4 Except as otherwise provided in ***s. 409.340 (3), and unless the bank otherwise
5 agrees in an authenticated record, a bank’s rights and duties with respect to a deposit
6 account maintained with the bank are not terminated, suspended or modified by:

7 (1) The creation, attachment or perfection of a security interest in the deposit
8 account;

9 (2) The bank’s knowledge of the security interest; or

10 (3) The bank’s receipt of instructions from the secured party.

11 **409.342 Bank’s right to refuse to enter into or disclose existence of**

12 **control agreement.** This chapter does not require a bank to enter into an
13 agreement of the kind described in ***s. 409.104 (1) (b), even if its customer so
14 requests or directs. A bank that has entered into such an agreement is not required
15 to confirm the existence of the agreement to another person unless requested to do
16 so by its customer.

17 SUBCHAPTER IV

18 RIGHTS OF THIRD PARTIES

19 **409.401 Alienability of debtor’s rights.** (1) OTHER LAW GOVERNS ALIENABILITY;
20 EXCEPTIONS. Except as otherwise provided in sub. (2) and ss. 409.406, 409.407,
21 409.408 and 409.409, whether a debtor’s rights in collateral may be voluntarily or
22 involuntarily transferred is governed by law other than this chapter.

23 (2) AGREEMENT DOES NOT PREVENT TRANSFER. An agreement between the debtor
24 and secured party which prohibits a transfer of the debtor’s rights in collateral or
25 makes the transfer a default does not prevent the transfer from taking effect.

1 **409.402 Secured party not obligated on contract of debtor or in tort.**

2 The existence of a security interest, agricultural lien or authority given to a debtor
3 to dispose of or use collateral, without more, does not subject a secured party to
4 liability in contract or tort for the debtor's acts or omissions.

5 **409.403 Agreement not to assert defenses against assignee. (1) VALUE.**

6 In this section, "value" has the meaning provided in s. 403.303 (1).

7 **(2) AGREEMENT NOT TO ASSERT CLAIM OR DEFENSE.** Except as otherwise provided
8 in this section, an agreement between an account debtor and an assignor not to assert
9 against an assignee any claim or defense that the account debtor may have against
10 the assignor is enforceable by an assignee that takes an assignment:

11 (a) For value;

12 (b) In good faith;

13 (c) Without notice of a claim of a property or possessory right to the property
14 assigned; and

15 (d) Without notice of a defense or claim in recoupment of the type that may be
16 asserted against a person entitled to enforce a negotiable instrument under s.
17 403.305 (1).

18 **(3) WHEN SUB. (2) NOT APPLICABLE.** Subsection (2) does not apply to defenses of
19 a type that may be asserted against a holder in due course of a negotiable instrument
20 under s. 403.305 (2).

21 **(4) OMISSION OF REQUIRED STATEMENT IN CONSUMER TRANSACTION.** In a consumer
22 transaction, if a record evidences the account debtor's obligation, law other than this
23 chapter requires that the record include a statement to the effect that the rights of
24 an assignee are subject to claims or defenses that the account debtor could assert
25 against the original obligee, and the record does not include such a statement:

1 (a) The record has the same effect as if the record included such a statement;
2 and

3 (b) The account debtor may assert against an assignee those claims and
4 defenses that would have been available if the record included such a statement.

5 (5) RULE FOR INDIVIDUAL UNDER OTHER LAW. This section is subject to law other
6 than this chapter which establishes a different rule for an account debtor who is an
7 individual and who incurred the obligation primarily for personal, family or
8 household purposes.

9 (6) OTHER LAW NOT DISPLACED. Except as otherwise provided in sub. (4), this
10 section does not displace law other than this chapter which gives effect to an
11 agreement by an account debtor not to assert a claim or defense against an assignee.

12 **409.404 Rights acquired by assignee; claims and defenses against**
13 **assignee. (1) ASSIGNEE'S RIGHTS SUBJECT TO TERMS, CLAIMS, AND DEFENSES; EXCEPTIONS.**
14 Unless an account debtor has made an enforceable agreement not to assert defenses
15 or claims, and subject to subs. (2) to (5), the rights of an assignee are subject to:

16 (a) All terms of the agreement between the account debtor and assignor and any
17 defense or claim in recoupment arising from the transaction that gave rise to the
18 contract; and

19 (b) Any other defense or claim of the account debtor against the assignor which
20 accrues before the account debtor receives a notification of the assignment
21 authenticated by the assignor or the assignee.

22 (2) ACCOUNT DEBTOR'S CLAIM REDUCES AMOUNT OWED TO ASSIGNEE. Subject to sub.
23 (3) and except as otherwise provided in sub. (4), the claim of an account debtor
24 against an assignor may be asserted against an assignee under sub. (1) only to reduce
25 the amount the account debtor owes.

1 **(3) RULE FOR INDIVIDUAL UNDER OTHER LAW.** This section is subject to law other
2 than this chapter which establishes a different rule for an account debtor who is an
3 individual and who incurred the obligation primarily for personal, family or
4 household purposes.

5 **(4) OMISSION OF REQUIRED STATEMENT IN CONSUMER TRANSACTION.** In a consumer
6 transaction, if a record evidences the account debtor's obligation, law other than this
7 chapter requires that the record include a statement to the effect that the account
8 debtor's recovery against an assignee with respect to claims and defenses against the
9 assignor may not exceed amounts paid by the account debtor under the record, and
10 the record does not include such a statement, the extent to which a claim of an
11 account debtor against the assignor may be asserted against an assignee is
12 determined as if the record included such a statement.

13 **(5) INAPPLICABILITY TO HEALTH-CARE-INSURANCE RECEIVABLE.** This section does
14 not apply to an assignment of a health-care-insurance receivable.

15 **409.405 Modification of assigned contract. (1) EFFECT OF MODIFICATION ON**
16 **ASSIGNEE.** A modification of or substitution for an assigned contract is effective
17 against an assignee if made in good faith. The assignee acquires corresponding
18 rights under the modified or substituted contract. The assignment may provide that
19 the modification or substitution is a breach of contract by the assignor. This
20 subsection is subject to subs. (2) to (4).

21 **(2) APPLICABILITY OF SUB. (1).** Subsection (1) applies to the extent that:

22 (a) The right to payment or a part thereof under an assigned contract has not
23 been fully earned by performance; or

1 (b) The right to payment or a part thereof has been fully earned by performance
2 and the account debtor has not received notification of the assignment under ***s.
3 409.406 (1).

4 (3) RULE FOR INDIVIDUAL UNDER OTHER LAW. This section is subject to law other
5 than this chapter which establishes a different rule for an account debtor who is an
6 individual and who incurred the obligation primarily for personal, family or
7 household purposes.

8 (4) INAPPLICABILITY TO HEALTH-CARE-INSURANCE RECEIVABLE. This section does
9 not apply to an assignment of a health-care-insurance receivable.

10 **409.406 Discharge of account debtor; notification of assignment;**
11 **identification and proof of assignment; restrictions on assignment of**
12 **accounts, chattel paper, payment intangibles and promissory notes**
13 **ineffective. (1) DISCHARGE OF ACCOUNT DEBTOR; EFFECT OF NOTIFICATION.** Subject to
14 subs. (2) to (9), an account debtor on an account, chattel paper or a payment
15 intangible may discharge its obligation by paying the assignor until, but not after,
16 the account debtor receives a notification, authenticated by the assignor or the
17 assignee, that the amount due or to become due has been assigned and that payment
18 is to be made to the assignee. After receipt of the notification, the account debtor may
19 discharge its obligation by paying the assignee and may not discharge the obligation
20 by paying the assignor.

21 (2) WHEN NOTIFICATION INEFFECTIVE. Subject to sub. (8), notification is
22 ineffective under sub. (1):

23 (a) If it does not reasonably identify the rights assigned;

1 (b) To the extent that an agreement between an account debtor and a seller of
2 a payment intangible limits the account debtor's duty to pay a person other than the
3 seller and the limitation is effective under law other than this chapter; or

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

7 1. Only a portion of the account, chattel paper or general intangible has been
8 assigned to that assignee;

9 2. A portion has been assigned to another assignee; or

10 3. The account debtor knows that the assignment to that assignee is limited.

11 **(3) PROOF OF ASSIGNMENT.** Subject to sub. (8), if requested by the account debtor,
12 an assignee shall seasonably furnish reasonable proof that the assignment has been
13 made. Unless the assignee complies, the account debtor may discharge its obligation
14 by paying the assignor, even if the account debtor has received a notification under
15 sub. (1).

16 **(4) TERM RESTRICTING ASSIGNMENT GENERALLY INEFFECTIVE.** Except as otherwise
17 provided in sub. (5) and ss. 409.407 and 411.303, and subject to sub. (8), a term in an
18 agreement between an account debtor and an assignor or in a promissory note is
19 ineffective to the extent that it.

20 (a) Prohibits, restricts or requires the consent of the account debtor or person
21 obligated on the promissory note to the assignment or transfer of, or the creation,
22 attachment, perfection or enforcement of a security interest in, the account, chattel
23 paper, payment intangible or promissory note; or

24 (b) Provides that the creation, attachment, perfection or enforcement of the
25 security interest may give rise to a default, breach, right of recoupment, claim,

1 defense, termination, right of termination or remedy under the account, chattel
2 paper, payment intangible or promissory note.

3 (5) INAPPLICABILITY OF SUB. (4) TO CERTAIN SALES. Subsection (4) does not apply
4 to the sale of a payment intangible or promissory note.

5 (6) LEGAL RESTRICTIONS ON ASSIGNMENT GENERALLY INEFFECTIVE. Except as
6 otherwise provided in ss. 409.407 and 411.303 and subject to subs. (8) and (9), a rule
7 of law, statute or rule, that prohibits, restricts or requires the consent of a
8 government, governmental body or official or account debtor to the assignment or
9 transfer of, or creation of a security interest in, an account or chattel paper is
10 ineffective to the extent that the rule of law, statute or rule:

11 (a) Prohibits, restricts or requires the consent of the government, governmental
12 body or official or account debtor to the assignment or transfer of, or the creation,
13 attachment, perfection or enforcement of a security interest in, the account or chattel
14 paper; or

15 (b) Provides that the creation, attachment, perfection or enforcement of the
16 security interest may give rise to a default, breach, right of recoupment, claim,
17 defense, termination, right of termination or remedy under the account or chattel
18 paper.

19 (7) SUB. (2)(C) NOT WAIVABLE. Subject to sub. (8), an account debtor may not waive
20 or vary its option under sub. (2) (c).

21 (8) RULE FOR INDIVIDUAL UNDER OTHER LAW. This section is subject to law other
22 than this chapter which establishes a different rule for an account debtor who is an
23 individual and who incurred the obligation primarily for personal, family or
24 household purposes.

1 (9) INAPPLICABILITY TO HEALTH-CARE-INSURANCE RECEIVABLE. This section does
2 not apply to an assignment of a health-care-insurance receivable.

3 (10) SECTION PREVAILS OVER SPECIFIED INCONSISTENT LAW. This section prevails
4 over any inconsistent provisions of the following statutes and rules:

5 [List here any statutes and rules containing provisions inconsistent with this
6 section.]

7 Legislative Note: States that amend statutes and rules to remove provisions
8 inconsistent with this section need not enact sub. (10).

9 **409.407 Restrictions on creation or enforcement of security interest in**
10 **leasehold interest or in lessor's residual interest. (1) TERM RESTRICTING**
11 **ASSIGNMENT GENERALLY INEFFECTIVE.** Except as otherwise provided in sub. (2), a term
12 in a lease agreement is ineffective to the extent that it:

13 (a) Prohibits, restricts or requires the consent of a party to the lease to the
14 creation, attachment, perfection or enforcement of a security interest in an interest
15 of a party under the lease contract or in the lessor's residual interest in the goods;
16 or

17 (b) Provides that the creation, attachment, perfection or enforcement of the
18 security interest may give rise to a default, breach, right of recoupment, claim,
19 defense, termination, right of termination or remedy under the lease.

20 (2) EFFECTIVENESS OF CERTAIN TERMS. Except as otherwise provided in s. 411.303
21 (7), a term described in sub. (1) (b) is effective to the extent that there is:

22 (a) A transfer by the lessor of the lessee's right of possession or use of the goods
23 in violation of the term; or

24 (b) A delegation of a material performance of either party to the lease contract
25 in violation of the term.

1 **(3) SECURITY INTEREST NOT MATERIAL IMPAIRMENT.** The creation, attachment,
2 perfection or enforcement of a security interest in the lessor's interest under the lease
3 contract or the lessor's residual interest in the goods is not a transfer that materially
4 impairs the lessee's prospect of obtaining return performance or materially changes
5 the duty of or materially increases the burden or risk imposed on the lessee within
6 the purview of s. 411.303 (4) unless, and then only to the extent that, enforcement
7 actually results in a delegation of material performance of the lessor.

8 **409.408 Restrictions on assignment of promissory notes,**
9 **health-care-insurance receivables and certain general intangibles**
10 **ineffective. (1) TERM RESTRICTING ASSIGNMENT GENERALLY INEFFECTIVE.** Except as
11 otherwise provided in sub. (2), a term in a promissory note or in an agreement
12 between an account debtor and a debtor which relates to a health-care-insurance
13 receivable or a general intangible, including a contract, permit, license or franchise,
14 and which term prohibits, restricts or requires the consent of the person obligated
15 on the promissory note or the account debtor to, the assignment or transfer of, or
16 creation, attachment or perfection of a security interest in, the promissory note,
17 health-care-insurance receivable or general intangible, is ineffective to the extent
18 that the term:

19 (a) Would impair the creation, attachment or perfection of a security interest;

20 or

21 (b) Provides that the creation, attachment or perfection of the security interest
22 may give rise to a default, breach, right of recoupment, claim, defense, termination,
23 right of termination or remedy under the promissory note, health-care-insurance
24 receivable or general intangible.

1 **(2) APPLICABILITY OF SUB. (1) TO SALES OF CERTAIN RIGHTS TO PAYMENT.** Subsection
2 (1) applies to a security interest in a payment intangible or promissory note only if
3 the security interest arises out of a sale of the payment intangible or promissory note.

4 **(3) LEGAL RESTRICTIONS ON ASSIGNMENT GENERALLY INEFFECTIVE.** A rule of law,
5 statute or rule that prohibits, restricts or requires the consent of a government,
6 governmental body or official, person obligated on a promissory note or account
7 debtor to the assignment or transfer of, or creation of a security interest in, a
8 promissory note, health-care-insurance receivable or general intangible, including
9 a contract, permit, license or franchise between an account debtor and a debtor, is
10 ineffective to the extent that the rule of law, statute or rule:

11 (a) Would impair the creation, attachment or perfection of a security interest;
12 or

13 (b) Provides that the creation, attachment or perfection of the security interest
14 may give rise to a default, breach, right of recoupment, claim, defense, termination,
15 right of termination or remedy under the promissory note, health-care-insurance
16 receivable or general intangible.

17 **(4) LIMITATION ON INEFFECTIVENESS UNDER SUBS. (1) AND (3).** To the extent that a
18 term in a promissory note or in an agreement between an account debtor and a debtor
19 which relates to a health-care-insurance receivable or general intangible or a rule
20 of law, statute or rule described in sub. (3) would be effective under law other than
21 this chapter but is ineffective under sub. (1) or (3), the creation, attachment or
22 perfection of a security interest in the promissory note, health-care-insurance
23 receivable or general intangible:

24 (a) Is not enforceable against the person obligated on the promissory note or the
25 account debtor;

1 (b) Does not impose a duty or obligation on the person obligated on the
2 promissory note or the account debtor;

3 (c) Does not require the person obligated on the promissory note or the account
4 debtor to recognize the security interest, pay or render performance to the secured
5 party or accept payment or performance from the secured party;

6 (d) Does not entitle the secured party to use or assign the debtor's rights under
7 the promissory note, health-care-insurance receivable or general intangible,
8 including any related information or materials furnished to the debtor in the
9 transaction giving rise to the promissory note, health-care-insurance receivable or
10 general intangible;

11 (e) Does not entitle the secured party to use, assign, possess or have access to
12 any trade secrets or confidential information of the person obligated on the
13 promissory note or the account debtor; and

14 (f) Does not entitle the secured party to enforce the security interest in the
15 promissory note, health-care-insurance receivable or general intangible.

16 (5) SECTION PREVAILS OVER SPECIFIED INCONSISTENT LAW. This section prevails
17 over any inconsistent provisions of the following statutes and rules:

18 [List here any statutes and rules containing provisions inconsistent with this
19 section.]

20 Legislative Note: States that amend statutes and rules to remove provisions
21 inconsistent with this section need not enact sub. (5).

22 **109.109 Restrictions on assignment of letter-of-credit rights**
23 **ineffective.** (1) TERM OR LAW RESTRICTING ASSIGNMENT GENERALLY INEFFECTIVE. A
24 term in a letter of credit or a rule of law, statute, rule, custom or practice applicable
25 to the letter of credit which prohibits, restricts or requires the consent of an

1 applicant, issuer or nominated person to a beneficiary's assignment of or creation of
2 a security interest in a letter-of-credit right is ineffective to the extent that the term
3 or rule of law, statute, rule, custom or practice:

4 (a) Would impair the creation, attachment or perfection of a security interest
5 in the letter-of-credit right; or

6 (b) Provides that the creation, attachment or perfection of the security interest
7 may give rise to a default, breach, right of recoupment, claim, defense, termination,
8 right of termination or remedy under the letter-of-credit right.

9 (2) LIMITATION ON INEFFECTIVENESS UNDER SUB. (1). To the extent that a term in
10 a letter of credit is ineffective under sub. (1) but would be effective under law other
11 than this chapter or a custom or practice applicable to the letter of credit, to the
12 transfer of a right to draw or otherwise demand performance under the letter of
13 credit, or to the assignment of a right to proceeds of the letter of credit, the creation,
14 attachment or perfection of a security interest in the letter-of-credit right:

15 (a) Is not enforceable against the applicant, issuer, nominated person or
16 transferee beneficiary;

17 (b) Imposes no duties or obligations on the applicant, issuer, nominated person
18 or transferee beneficiary; and

19 (c) Does not require the applicant, issuer, nominated person or transferee
20 beneficiary to recognize the security interest, pay or render performance to the
21 secured party or accept payment or other performance from the secured party.

22 SUBCHAPTER V

23 FILING

24 **409.501 Filing office.** (1) FILING OFFICES. Except as otherwise provided in sub.
25 (2), if the local law of this state governs perfection of a security interest or

1 agricultural lien, the office in which to file a financing statement to perfect the
2 security interest or agricultural lien is:

3 (a) The office designated for the filing or recording of a record of a mortgage on
4 the related real property, if:

- 5 1. The collateral is as-extracted collateral or timber to be cut; or
- 6 2. The financing statement is filed as a fixture filing and the collateral is goods
7 that are or are to become fixtures; or

8 (b) The office of [] [or any office duly authorized by []], in all other cases,
9 including a case in which the collateral is goods that are or are to become fixtures and
10 the financing statement is not filed as a fixture filing.

11 (2) FILING OFFICE FOR TRANSMITTING UTILITIES. The office in which to file a
12 financing statement to perfect a security interest in collateral, including fixtures, of
13 a transmitting utility is the office of []. The financing statement also constitutes a
14 fixture filing as to the collateral indicated in the financing statement which is or is
15 to become fixtures.

16 Legislative Note: The state should designate the filing office where the
17 brackets appear. The filing office may be that of a governmental official (e.g., the
18 Secretary of State) or a private party that maintains the State’s filing system.

19 **409.502 Contents of financing statement; record of mortgage as**
20 **financing statement; time of filing financing statement. (1) SUFFICIENCY OF**
21 **FINANCING STATEMENT.** Subject to sub. (2), a financing statement is sufficient only if
22 it:

- 23 (a) Provides the name of the debtor;
- 24 (b) Provides the name of the secured party or a representative of the secured
25 party; and

1 (c) Indicates the collateral covered by the financing statement.

2 **(2) REAL-PROPERTY-RELATED FINANCING STATEMENTS.** Except as otherwise
3 provided in ***s. 409.501 (2), to be sufficient, a financing statement that covers
4 as-extracted collateral or timber to be cut, or which is filed as a fixture filing and
5 covers goods that are or are to become fixtures, must satisfy sub. (1) and also:

6 (a) Indicate that it covers this type of collateral;

7 (b) Indicate that it is to be filed [for record] in the real property records;

8 (c) Provide a description of the real property to which the collateral is related
9 [sufficient to give constructive notice of a mortgage under the law of this state if the
10 description were contained in a record of the mortgage of the real property]; and

11 (d) If the debtor does not have an interest of record in the real property, provide
12 the name of a record owner.

13 **(3) RECORD OF MORTGAGE AS FINANCING STATEMENT.** A record of a mortgage is
14 effective, from the date of recording, as a financing statement filed as a fixture filing
15 or as a financing statement covering as-extracted collateral or timber to be cut only
16 if:

17 (a) The record indicates the goods or accounts that it covers;

18 (b) The goods are or are to become fixtures related to the real property described
19 in the record or the collateral is related to the real property described in the record
20 and is as-extracted collateral or timber to be cut;

21 (c) The record satisfies the requirements for a financing statement in this
22 section other than an indication that it is to be filed in the real property records; and

23 (d) The record is [duly] recorded.

1 (4) FILING BEFORE SECURITY AGREEMENT OR ATTACHMENT. A financing statement
2 may be filed before a security agreement is made or a security interest otherwise
3 attaches.

4 Legislative Note: Language in brackets is optional. Where the state has any
5 special recording system for real property other than the usual grantor-grantee
6 index (as, for instance, a tract system or a title registration or Torrens system) local
7 adaptations of sub. (2) and ***s. 409.519 (4) and (5) may be necessary. See, e.g., Mass.
8 Gen. Laws Chapter 106, ***s. 409.410.

9 **409.503 Name of debtor and secured party. (1) SUFFICIENCY OF DEBTOR'S**
10 NAME. A financing statement sufficiently provides the name of the debtor:

11 (a) If the debtor is a registered organization, only if the financing statement
12 provides the name of the debtor indicated on the public record of the debtor's
13 jurisdiction of organization which shows the debtor to have been organized;

14 (b) If the debtor is a decedent's estate, only if the financing statement provides
15 the name of the decedent and indicates that the debtor is an estate;

16 (c) If the debtor is a trust or a trustee acting with respect to property held in
17 trust, only if the financing statement:

18 1. Provides the name specified for the trust in its organic documents or, if no
19 name is specified, provides the name of the settlor and additional information
20 sufficient to distinguish the debtor from other trusts having one or more of the same
21 settlors; and

22 2. Indicates, in the debtor's name or otherwise, that the debtor is a trust or is
23 a trustee acting with respect to property held in trust; and

24 (d) In other cases:

1 1. If the debtor has a name, only if it provides the individual or organizational
2 name of the debtor; and

3 2. If the debtor does not have a name, only if it provides the names of the
4 partners, members, associates or other persons comprising the debtor.

5 **(2) ADDITIONAL DEBTOR-RELATED INFORMATION.** A financing statement that
6 provides the name of the debtor in accordance with sub. (1) is not rendered ineffective
7 by the absence of:

8 (a) A trade name or other name of the debtor; or

9 (b) Unless required under sub. (1) (d) 2., names of partners, members,
10 associates or other persons comprising the debtor.

11 **(3) DEBTOR'S TRADE NAME INSUFFICIENT.** A financing statement that provides
12 only the debtor's trade name does not sufficiently provide the name of the debtor.

13 **(4) REPRESENTATIVE CAPACITY.** Failure to indicate the representative capacity
14 of a secured party or representative of a secured party does not affect the sufficiency
15 of a financing statement.

16 **(5) MULTIPLE DEBTORS AND SECURED PARTIES.** A financing statement may provide
17 the name of more than one debtor and the name of more than one secured party.

18 **409.504 Indication of collateral.** A financing statement sufficiently
19 indicates the collateral that it covers only if the financing statement provides:

20 (1) A description of the collateral pursuant to ***s. 409.108; or

21 (2) An indication that the financing statement covers all assets or all personal
22 property.

23 **409.505 Filing and compliance with other statutes and treaties for**
24 **consignments, leases, other bailments and other transactions.** (1) USE OF
25 TERMS OTHER THAN DEBTOR AND SECURED PARTY. A consignor, lessor or other bailor of

1 goods, a licensor or a buyer of a payment intangible or promissory note may file a
2 financing statement, or may comply with a statute or treaty described in ***s.
3 409.311 (1), using the terms “consignor”, “consignee”, “lessor”, “lessee”, “bailor”,
4 “bailee”, “licensor”, “licensee”, “owner”, “registered owner”, “buyer”, “seller”, or words
5 of similar import, instead of the terms “secured party” and “debtor”.

6 (2) EFFECT OF FINANCING STATEMENT UNDER SUB. (1). This subchapter applies to
7 the filing of a financing statement under sub. (1) and, as appropriate, to compliance
8 that is equivalent to filing a financing statement under ***s. 409.311 (2), but the
9 filing or compliance is not of itself a factor in determining whether the collateral
10 secures an obligation. If it is determined for another reason that the collateral
11 secures an obligation, a security interest held by the consignor, lessor, bailor, licensor,
12 owner or buyer which attaches to the collateral is perfected by the filing or
13 compliance

14 **409.506 Effect of errors or omissions. (1) MINOR ERRORS AND OMISSIONS.** A
15 financing statement substantially satisfying the requirements of this subchapter is
16 effective, even if it has minor errors or omissions, unless the errors or omissions make
17 the financing statement seriously misleading.

18 (2) FINANCING STATEMENT SERIOUSLY MISLEADING. Except as otherwise provided
19 in sub. (3), a financing statement that fails sufficiently to provide the name of the
20 debtor in accordance with ***s. 409.503 (1) is seriously misleading.

21 (3) FINANCING STATEMENT NOT SERIOUSLY MISLEADING. If a search of the records
22 of the filing office under the debtor’s correct name, using the filing office’s standard
23 search logic, if any, would disclose a financing statement that fails sufficiently to
24 provide the name of the debtor in accordance with ***s. 409.503 (1), the name
25 provided does not make the financing statement seriously misleading.

1 (4) DEBTOR'S CORRECT NAME. For purposes of ***s. 409.508 (2), the “debtor’s
2 correct name” in sub. (3) means the correct name of the new debtor.

3 **409.507 Effect of certain events on effectiveness of financing**
4 **statement. (1) DISPOSITION.** A filed financing statement remains effective with
5 respect to collateral that is sold, exchanged, leased, licensed or otherwise disposed
6 of and in which a security interest or agricultural lien continues, even if the secured
7 party knows of or consents to the disposition.

8 (2) INFORMATION BECOMING SERIOUSLY MISLEADING. Except as otherwise provided
9 in sub. (3) and ***s. 409.508, a financing statement is not rendered ineffective if,
10 after the financing statement is filed, the information provided in the financing
11 statement becomes seriously misleading under ***s. 409.506.

12 (3) CHANGE IN DEBTOR'S NAME. If a debtor so changes its name that a filed
13 financing statement becomes seriously misleading under ***s. 409.506:

14 (a) The financing statement is effective to perfect a security interest in
15 collateral acquired by the debtor before, or within 4 months after, the change; and

16 (b) The financing statement is not effective to perfect a security interest in
17 collateral acquired by the debtor more than 4 months after the change, unless an
18 amendment to the financing statement which renders the financing statement not
19 seriously misleading is filed within 4 months after the change.

20 **409.508 Effectiveness of financing statement if new debtor becomes**
21 **bound by security agreement. (1) FINANCING STATEMENT NAMING ORIGINAL DEBTOR.**
22 Except as otherwise provided in this section, a filed financing statement naming an
23 original debtor is effective to perfect a security interest in collateral in which a new
24 debtor has or acquires rights to the extent that the financing statement would have
25 been effective had the original debtor acquired rights in the collateral.

1 (2) FINANCING STATEMENT BECOMING SERIOUSLY MISLEADING. If the difference
2 between the name of the original debtor and that of the new debtor causes a filed
3 financing statement that is effective under sub. (1) to be seriously misleading under
4 ***s. 409.506:

5 (a) The financing statement is effective to perfect a security interest in
6 collateral acquired by the new debtor before, and within 4 months after, the new
7 debtor becomes bound under ***s. 409.203 (4); and

8 (b) The financing statement is not effective to perfect a security interest in
9 collateral acquired by the new debtor more than 4 months after the new debtor
10 becomes bound under ***s. 409.203 (4) unless an initial financing statement
11 providing the name of the new debtor is filed before the expiration of that time.

12 (3) WHEN SECTION NOT APPLICABLE. This section does not apply to collateral as
13 to which a filed financing statement remains effective against the new debtor under
14 ***s. 409.507 (1).

15 **409.509 Persons entitled to file a record.** (1) PERSON ENTITLED TO FILE
16 RECORD. A person may file an initial financing statement, amendment that adds
17 collateral covered by a financing statement, or amendment that adds a debtor to a
18 financing statement only if:

19 (a) The debtor authorizes the filing in an authenticated record; or

20 (b) The person holds an agricultural lien that has become effective at the time
21 of filing and the financing statement covers only collateral in which the person holds
22 an agricultural lien.

23 (2) SECURITY AGREEMENT AS AUTHORIZATION. By authenticating or becoming
24 bound as debtor by a security agreement, a debtor or new debtor authorizes the filing
25 of an initial financing statement, and an amendment, covering:

1 (a) The collateral described in the security agreement; and

2 (b) Property that becomes collateral under ***s. 409.315 (1) (b), whether or not
3 the security agreement expressly covers proceeds.

4 (3) ACQUISITION OF COLLATERAL AS AUTHORIZATION. By acquiring collateral in
5 which a security interest or agricultural lien continues under ***s. 409.315 (1) (a),
6 a debtor authorizes the filing of an initial financing statement, and an amendment,
7 covering the collateral and property that becomes collateral under ***s. 409.315 (1)
8 (b).

9 (4) PERSON ENTITLED TO FILE CERTAIN AMENDMENTS. A person may file an
10 amendment other than an amendment that adds collateral covered by a financing
11 statement or an amendment that adds a debtor to a financing statement only if:

12 (a) The secured party of record authorizes the filing; or

13 (b) The amendment is a termination statement for a financing statement as to
14 which the secured party of record has failed to file or send a termination statement
15 as required by ***s. 409.513 (1) or (3), the debtor authorizes the filing, and the
16 termination statement indicates that the debtor authorized it to be filed.

17 (5) MULTIPLE SECURED PARTIES OF RECORD. If there is more than one secured
18 party of record for a financing statement, each secured party of record may authorize
19 the filing of an amendment under sub. (4).

20 **409.510 Effectiveness of filed record. (1) FILED RECORD EFFECTIVE IF**
21 **AUTHORIZED.** A filed record is effective only to the extent that it was filed by a person
22 that may file it under ***s. 409.509.

23 (2) AUTHORIZATION BY ONE SECURED PARTY OF RECORD. A record authorized by one
24 secured party of record does not affect the financing statement with respect to
25 another secured party of record.

1 (3) CONTINUATION STATEMENT NOT TIMELY FILED. A continuation statement that
2 is not filed within the 6-month period prescribed by ***s. 409.515 (4) is ineffective.

3 **409.511 Secured party of record. (1) SECURED PARTY OF RECORD.** A secured
4 party of record with respect to a financing statement is a person whose name is
5 provided as the name of the secured party or a representative of the secured party
6 in an initial financing statement that has been filed. If an initial financing statement
7 is filed under ***s. 409.514 (1), the assignee named in the initial financing statement
8 is the secured party of record with respect to the financing statement.

9 (2) AMENDMENT NAMING SECURED PARTY OF RECORD. If an amendment of a
10 financing statement which provides the name of a person as a secured party or a
11 representative of a secured party is filed, the person named in the amendment is a
12 secured party of record. If an amendment is filed under ***s. 409.514 (2), the
13 assignee named in the amendment is a secured party of record.

14 (3) AMENDMENT DELETING SECURED PARTY OF RECORD. A person remains a secured
15 party of record until the filing of an amendment of the financing statement which
16 deletes the person.

17 **409.512 Amendment of financing statement.**

18 [Alternative A]

19 (1) AMENDMENT OF INFORMATION IN FINANCING STATEMENT. Subject to ***s.
20 409.509, a person may add or delete collateral covered by, continue or terminate the
21 effectiveness of, or, subject to sub. (5), otherwise amend the information provided in,
22 a financing statement by filing an amendment that:

23 (a) Identifies, by its file number, the initial financing statement to which the
24 amendment relates; and

1 (b) If the amendment relates to an initial financing statement filed [or recorded]
2 in a filing office described in ***s. 409.501 (1) (a), provides the information specified
3 in ***s. 409.502 (2).

4 [Alternative B]

5 (1) AMENDMENT OF INFORMATION IN FINANCING STATEMENT. Subject to ***s.
6 409.509, a person may add or delete collateral covered by, continue or terminate the
7 effectiveness of, or, subject to sub. (5), otherwise amend the information provided in,
8 a financing statement by filing an amendment that:

9 (a) Identifies, by its file number, the initial financing statement to which the
10 amendment relates; and

11 (b) If the amendment relates to an initial financing statement filed [or recorded]
12 in a filing office described in ***s. 409.501 (1) (a), provides the date [and time] that
13 the initial financing statement was filed [or recorded] and the information specified
14 in ***s. 409.502 (2).

15 [End of Alternatives]

16 (2) PERIOD OF EFFECTIVENESS NOT AFFECTED. Except as otherwise provided in
17 ***s. 409.515, the filing of an amendment does not extend the period of effectiveness
18 of the financing statement.

19 (3) EFFECTIVENESS OF AMENDMENT ADDING COLLATERAL. A financing statement
20 that is amended by an amendment that adds collateral is effective as to the added
21 collateral only from the date of the filing of the amendment.

22 (4) EFFECTIVENESS OF AMENDMENT ADDING DEBTOR. A financing statement that
23 is amended by an amendment that adds a debtor is effective as to the added debtor
24 only from the date of the filing of the amendment.

1 **(5) CERTAIN AMENDMENTS INEFFECTIVE.** An amendment is ineffective to the
2 extent it:

3 (a) Purports to delete all debtors and fails to provide the name of a debtor to be
4 covered by the financing statement; or

5 (b) Purports to delete all secured parties of record and fails to provide the name
6 of a new secured party of record.

7 Legislative Note: States whose real-estate filing offices require additional
8 information in amendments and cannot search their records by both the name of the
9 debtor and the file number should enact Alternative B to ss. 409.512 (1), 409.518 (2),
10 409.519 (6) and 409.522 (1).

11 **409.513 Termination statement. (1) CONSUMER GOODS.** A secured party shall
12 cause the secured party of record for a financing statement to file a termination
13 statement for the financing statement if the financing statement covers consumer
14 goods and:

15 (a) There is no obligation secured by the collateral covered by the financing
16 statement and no commitment to make an advance, incur an obligation or otherwise
17 give value; or

18 (b) The debtor did not authorize the filing of the initial financing statement.

19 **(2) TIME FOR COMPLIANCE WITH SUB. (1).** To comply with sub. (1), a secured party
20 shall cause the secured party of record to file the termination statement:

21 (a) Within one month after there is no obligation secured by the collateral
22 covered by the financing statement and no commitment to make an advance, incur
23 an obligation or otherwise give value; or

24 (b) If earlier, within 20 days after the secured party receives an authenticated
25 demand from a debtor.

1 **(3) OTHER COLLATERAL.** In cases not governed by sub. (1), within 20 days after
2 a secured party receives an authenticated demand from a debtor, the secured party
3 shall cause the secured party of record for a financing statement to send to the debtor
4 a termination statement for the financing statement or file the termination
5 statement in the filing office if:

6 (a) Except in the case of a financing statement covering accounts or chattel
7 paper that has been sold or goods that are the subject of a consignment, there is no
8 obligation secured by the collateral covered by the financing statement and no
9 commitment to make an advance, incur an obligation or otherwise give value;

10 (b) The financing statement covers accounts or chattel paper that has been sold
11 but as to which the account debtor or other person obligated has discharged its
12 obligation;

13 (c) The financing statement covers goods that were the subject of a consignment
14 to the debtor but are not in the debtor's possession; or

15 (d) The debtor did not authorize the filing of the initial financing statement.

16 **(4) EFFECT OF FILING TERMINATION STATEMENT.** Except as otherwise provided in
17 ***s. 409.510, upon the filing of a termination statement with the filing office, the
18 financing statement to which the termination statement relates ceases to be
19 effective.

20 **409.514 Assignment of powers of secured party of record. (1)**
21 **ASSIGNMENT REFLECTED ON INITIAL FINANCING STATEMENT.** Except as otherwise
22 provided in sub. (3), an initial financing statement may reflect an assignment of all
23 of the secured party's power to authorize an amendment to the financing statement
24 by providing the name and mailing address of the assignee as the name and address
25 of the secured party.

1 (2) ASSIGNMENT OF FILED FINANCING STATEMENT. Except as otherwise provided
2 in sub. (3), a secured party of record may assign of record all or part of its power to
3 authorize an amendment to a financing statement by filing in the filing office an
4 amendment of the financing statement which:

5 (a) Identifies, by its file number, the initial financing statement to which it
6 relates;

7 (b) Provides the name of the assignor; and

8 (c) Provides the name and mailing address of the assignee.

9 (3) ASSIGNMENT OF RECORD OF MORTGAGE. An assignment of record of a security
10 interest in a fixture covered by a record of a mortgage which is effective as a financing
11 statement filed as a fixture filing under ***s. 409.502 (3) may be made only by an
12 assignment of record of the mortgage in the manner provided by law of this state
13 other than chs. 401 to 411.

14 **409.515 Duration and effectiveness of financing statement; effect of**
15 **lapsed financing statement. (1) FIVE-YEAR EFFECTIVENESS.** Except as otherwise
16 provided in subs. (2), (5), (6) and (7), a filed financing statement is effective for a
17 period of 5 years after the date of filing.

18 (2) PUBLIC-FINANCE OR MANUFACTURED-HOME TRANSACTION. Except as otherwise
19 provided in subs. (5), (6) and (7), an initial financing statement filed in connection
20 with a public-finance transaction or manufactured-home transaction is effective for
21 a period of 30 years after the date of filing if it indicates that it is filed in connection
22 with a public-finance transaction or manufactured-home transaction.

23 (3) LAPSE AND CONTINUATION OF FINANCING STATEMENT. The effectiveness of a filed
24 financing statement lapses on the expiration of the period of its effectiveness unless
25 before the lapse a continuation statement is filed pursuant to sub. (4). Upon lapse,

1 a financing statement ceases to be effective and any security interest or agricultural
2 lien that was perfected by the financing statement becomes unperfected, unless the
3 security interest is perfected otherwise. If the security interest or agricultural lien
4 becomes unperfected upon lapse, it is deemed never to have been perfected as against
5 a purchaser of the collateral for value.

6 (4) WHEN CONTINUATION STATEMENT MAY BE FILED. A continuation statement may
7 be filed only within 6 months before the expiration of the 5-year period specified in
8 sub. (1) or the 30-year period specified in sub. (2), whichever is applicable.

9 (5) EFFECT OF FILING CONTINUATION STATEMENT. Except as otherwise provided in
10 ***s. 409.510, upon timely filing of a continuation statement, the effectiveness of the
11 initial financing statement continues for a period of 5 years commencing on the day
12 on which the financing statement would have become ineffective in the absence of
13 the filing. Upon the expiration of the 5-year period, the financing statement lapses
14 in the same manner as provided in sub. (3), unless, before the lapse, another
15 continuation statement is filed pursuant to sub. (4). Succeeding continuation
16 statements may be filed in the same manner to continue the effectiveness of the
17 initial financing statement.

18 (6) TRANSMITTING UTILITY FINANCING STATEMENT. If a debtor is a transmitting
19 utility and a filed financing statement so indicates, the financing statement is
20 effective until a termination statement is filed.

21 (7) RECORD OF MORTGAGE AS FINANCING STATEMENT. A record of a mortgage that
22 is effective as a financing statement filed as a fixture filing under ***s. 409.502 (3)
23 remains effective as a financing statement filed as a fixture filing until the mortgage
24 is released or satisfied of record or its effectiveness otherwise terminates as to the
25 real property.

1 **409.516 What constitutes filing; effectiveness of filing.** (1) WHAT
2 CONSTITUTES FILING. Except as otherwise provided in sub. (2), communication of a
3 record to a filing office and tender of the filing fee or acceptance of the record by the
4 filing office constitutes filing.

5 **(2) REFUSAL TO ACCEPT RECORD; FILING DOES NOT OCCUR.** Filing does not occur with
6 respect to a record that a filing office refuses to accept because:

7 (a) The record is not communicated by a method or medium of communication
8 authorized by the filing office;

9 (b) An amount equal to or greater than the applicable filing fee is not tendered;

10 (c) The filing office is unable to index the record because:

11 1. In the case of an initial financing statement, the record does not provide a
12 name for the debtor;

13 2. In the case of an amendment or correction statement, the record:

14 a. Does not identify the initial financing statement as required by ***s. 409.512
15 or 409.518, as applicable; or

16 b. Identifies an initial financing statement whose effectiveness has lapsed
17 under ***s. 409.515;

18 3. In the case of an initial financing statement that provides the name of a
19 debtor identified as an individual or an amendment that provides a name of a debtor
20 identified as an individual which was not previously provided in the financing
21 statement to which the record relates, the record does not identify the debtor's last
22 name; or

23 4. In the case of a record filed [or recorded] in the filing office described in ***s.
24 409.501 (1) (a), the record does not provide a sufficient description of the real
25 property to which it relates;

1 (d) In the case of an initial financing statement or an amendment that adds a
2 secured party of record, the record does not provide a name and mailing address for
3 the secured party of record;

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

7 1. Provide a mailing address for the debtor;
8 2. Indicate whether the debtor is an individual or an organization; or
9 3. If the financing statement indicates that the debtor is an organization,
10 provide:

11 a. A type of organization for the debtor;
12 b. A jurisdiction of organization for the debtor; or
13 c. An organizational identification number for the debtor or indicate that the
14 debtor has none;

15 (f) In the case of an assignment reflected in an initial financing statement under
16 ***s. 409.514 (1) or an amendment filed under ***s. 409.514 (2), the record does not
17 provide a name and mailing address for the assignee; or

18 (g) In the case of a continuation statement, the record is not filed within the
19 6-month period prescribed by ***s. 409.515 (4).

20 **(3) RULES APPLICABLE TO SUB. (2).** For purposes of sub. (2):

21 (a) A record does not provide information if the filing office is unable to read or
22 decipher the information; and

23 (b) A record that does not indicate that it is an amendment or identify an initial
24 financing statement to which it relates, as required by ***s. 409.512, 409.514 or
25 409.518, is an initial financing statement.

SECTION 111

1 **(4) REFUSAL TO ACCEPT RECORD; RECORD EFFECTIVE AS FILED RECORD.** A record that
 2 is communicated to the filing office with tender of the filing fee, but which the filing
 3 office refuses to accept for a reason other than one set forth in sub. (2), is effective as
 4 a filed record except as against a purchaser of the collateral which gives value in
 5 reasonable reliance upon the absence of the record from the files.

6 **409.517 Effect of indexing errors.** The failure of the filing office to index a
 7 record correctly does not affect the effectiveness of the filed record.

8 **409.518 Claim concerning inaccurate or wrongfully filed record. (1)**
 9 **CORRECTION STATEMENT.** A person may file in the filing office a correction statement
 10 with respect to a record indexed there under the person’s name if the person believes
 11 that the record is inaccurate or was wrongfully filed.

Alternative A

12 **(2) SUFFICIENCY OF CORRECTION STATEMENT.** A correction statement must:

13 (a) Identify the record to which it relates by the file number assigned to the
 14 initial financing statement to which the record relates;

15 (b) Indicate that it is a correction statement; and

16 (c) Provide the basis for the person’s belief that the record is inaccurate and
 17 indicate the manner in which the person believes the record should be amended to
 18 cure any inaccuracy or provide the basis for the person’s belief that the record was
 19 wrongfully filed.
 20

Alternative B

21 **(2) SUFFICIENCY OF CORRECTION STATEMENT.** A correction statement must:

22 (a) Identify the record to which it relates by:

23 1. The file number assigned to the initial financing statement to which the
 24 record relates; and
 25

1 2. If the correction statement relates to a record filed [or recorded] in a filing
2 office described in ***s. 409.501 (1) (a), the date [and time] that the initial financing
3 statement was filed [or recorded] and the information specified in ***s. 409.502 (2);

4 (b) Indicate that it is a correction statement; and

5 (c) Provide the basis for the person's belief that the record is inaccurate and
6 indicate the manner in which the person believes the record should be amended to
7 cure any inaccuracy or provide the basis for the person's belief that the record was
8 wrongfully filed.

9 End of Alternatives

10 **(3) RECORD NOT AFFECTED BY CORRECTION STATEMENT.** The filing of a correction
11 statement does not affect the effectiveness of an initial financing statement or other
12 filed record.

13 Legislative Note: States whose real-estate filing offices require additional
14 information in amendments and cannot search their records by both the name of the
15 debtor and the file number should enact Alternative B to ss. 409.512 (1), 409.518 (2),
16 409.519 (6) and 409.522 (1).

17 **409.519 Numbering, maintaining and indexing records;**
18 **communicating information provided in records. (1) FILING OFFICE DUTIES.** For
19 each record filed in a filing office, the filing office shall:

20 (a) Assign a unique number to the filed record;

21 (b) Create a record that bears the number assigned to the filed record and the
22 date and time of filing;

23 (c) Maintain the filed record for public inspection; and

24 (d) Index the filed record in accordance with subs. (3), (4) and (5).

1 **(2) FILE NUMBER.** A file number [assigned after January 1, 2002,] must include
2 a digit that:

3 (a) Is mathematically derived from or related to the other digits of the file
4 number; and

5 (b) Aids the filing office in determining whether a number communicated as the
6 file number includes a single-digit or transpositional error.

7 **(3) INDEXING: GENERAL.** Except as otherwise provided in subs. (4) and (5), the
8 filing office shall:

9 (a) Index an initial financing statement according to the name of the debtor and
10 index all filed records relating to the initial financing statement in a manner that
11 associates with one another an initial financing statement and all filed records
12 relating to the initial financing statement; and

13 (b) Index a record that provides a name of a debtor which was not previously
14 provided in the financing statement to which the record relates also according to the
15 name that was not previously provided.

16 **(4) INDEXING: REAL-PROPERTY-RELATED FINANCING STATEMENT.** If a financing
17 statement is filed as a fixture filing or covers as-extracted collateral or timber to be
18 cut, [it must be filed for record and] the filing office shall index it:

19 (a) Under the names of the debtor and of each owner of record shown on the
20 financing statement as if they were the mortgagors under a mortgage of the real
21 property described; and

22 (b) To the extent that the law of this state provides for indexing of records of
23 mortgages under the name of the mortgagee, under the name of the secured party
24 as if the secured party were the mortgagee thereunder, or, if indexing is by

1 description, as if the financing statement were a record of a mortgage of the real
2 property described.

3 (5) INDEXING: REAL-PROPERTY-RELATED ASSIGNMENT. If a financing statement is
4 filed as a fixture filing or covers as-extracted collateral or timber to be cut, the filing
5 office shall index an assignment filed under ***s. 409.514 (1) or an amendment filed
6 under ***s. 409.514 (2):

7 (a) Under the name of the assignor as grantor; and

8 (b) To the extent that the law of this state provides for indexing a record of the
9 assignment of a mortgage under the name of the assignee, under the name of the
10 assignee.

11 Alternative A

12 (6) RETRIEVAL AND ASSOCIATION CAPABILITY. The filing office shall maintain a
13 capability:

14 (a) To retrieve a record by the name of the debtor and by the file number
15 assigned to the initial financing statement to which the record relates; and

16 (b) To associate and retrieve with one another an initial financing statement
17 and each filed record relating to the initial financing statement.

18 Alternative B

19 (6) RETRIEVAL AND ASSOCIATION CAPABILITY. The filing office shall maintain a
20 capability:

21 (a) To retrieve a record by the name of the debtor and:

22 1. If the filing office is described in ***s. 409.501 (1) (a), by the file number
23 assigned to the initial financing statement to which the record relates and the date
24 [and time] that the record was filed [or recorded]; or

1 2. If the filing office is described in ***s. 409.501 (1) (b), by the file number
2 assigned to the initial financing statement to which the record relates; and

3 (b) To associate and retrieve with one another an initial financing statement
4 and each filed record relating to the initial financing statement.

5 End of Alternatives

6 **(7) REMOVAL OF DEBTOR'S NAME.** The filing office may not remove a debtor's name
7 from the index until one year after the effectiveness of a financing statement naming
8 the debtor lapses under ***s. 409.515 with respect to all secured parties of record.

9 **(8) TIMELINESS OF FILING OFFICE PERFORMANCE.** The filing office shall perform
10 the acts required by subs. (1) to (5) at the time and in the manner prescribed by
11 filing-office rule, but not later than 2 business days after the filing office receives the
12 record in question.

13 **[(9) INAPPLICABILITY TO REAL-PROPERTY-RELATED FILING OFFICE.** [Subsection]
14 [Subsections] [(2)] [and] [(8)] [does] [do] not apply to a filing office described in ***s.
15 409.501 (1) (a).]

16 Legislative Notes:

17 1. States whose filing offices currently assign file numbers that include a
18 verification number, commonly known as a “check digit,” or can implement this
19 requirement before the effective date of this chapter should omit the bracketed
20 language in sub. (2).

21 2. In states in which writings will not appear in the real property records and
22 indices unless actually recorded the bracketed language in sub. (4) should be used.

23 3. States whose real-estate filing offices require additional information in
24 amendments and cannot search their records by both the name of the debtor and the