

1 on which the financing statement would have become ineffective in the absence of
2 the filing. Upon the expiration of the 5-year period, the financing statement lapses
3 in the same manner as provided in sub. (3), unless, before the lapse, another
4 continuation statement is filed pursuant to sub. (4). Succeeding continuation
5 statements may be filed in the same manner to continue the effectiveness of the
6 initial financing statement.

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

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

***NOTE: Current s. 409.403 (3), Wis. stats., has nonuniform amendments that adds “or an optical disk or electronic copy. In other cases a lapsed statement may not be destroyed until after one year after the lapse.” after “photographic copy” . Current s. 409.403 (4), Wis. stats., has nonuniform amendments that adds “or an optical disk or electronic copy” after “photographic copy” . Section 409.403(3) reads: A continuation statement may be filed by the secured party within 6 months prior to the expiration of the 5-year period specified in sub. (2). Any such continuation statement must be signed by the secured party, identify the original statement by file number and state that the original statement is still effective. A continuation statement signed by a person other than the secured party of record must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with s. 409.405 (2), including payment of the required fee. Upon timely filing of the continuation statement, the effectiveness of the original statement is continued for 5 years after the last date to which the filing was effective whereupon it lapses in the same manner as provided in sub. (2) unless another continuation statement is filed prior to such lapse. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the original statement. Unless a statute on disposition of public records provides otherwise, the filing officer may remove a lapsed statement from the files and destroy it immediately if the officer has retained a microfilm or other photographic record or an optical disk or electronic copy. In other cases a lapsed statement may not be destroyed until after one year after the lapse. The filing officer shall so arrange matters by physical annexation of financing statements to continuation statements or other related filings, or by other means, that if the officer physically destroys the financing statements of a

period more than 5 years past, those which have been continued by a continuation statement or which are still effective under sub. (6) shall be retained.”.

I think the use of the defined term “record” picks up these references to optical or electronic. The definition of financing statement is based on record: (jm) “Financing statement” means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.”. The conversion table gives 9-403 (3) as the source for new 9-515 and 9-522; and gives 9-403 (4) as the source for new 9-519. Should any of these nonuniform provisions be included in this draft?

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

1 statement to which the record relates, the record does not identify the debtor's last
2 name; or

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

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

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

12 1. Provide a mailing address for the debtor;

13 2. Indicate whether the debtor is an individual or an organization; or

14 3. If the financing statement indicates that the debtor is an organization,
15 provide:

16 a. A type of organization for the debtor;

17 b. A jurisdiction of organization for the debtor; or

18 c. An organizational identification number for the debtor or indicate that the
19 debtor has none;

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

23 (g) In the case of a continuation statement, the record is not filed within the
24 6-month period prescribed by ***s. 409.515 (4).

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

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

3 (b) A record that does not indicate that it is an amendment or identify an initial
4 financing statement to which it relates, as required by ***s. 409.512, 409.514 or
5 409.518, is an initial financing statement.

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

11 **409.517 Effect of indexing errors.** The failure of the filing office to index a
12 record correctly does not affect the effectiveness of the filed record.

13 **409.518 Claim concerning inaccurate or wrongfully filed record. (1)**
14 CORRECTION STATEMENT. A person may file in the filing office a correction statement
15 with respect to a record indexed there under the person's name if the person believes
16 that the record is inaccurate or was wrongfully filed.

17 Alternative A

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

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

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

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

1 Alternative B

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

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

4 1. The file number assigned to the initial financing statement to which the
5 record relates; and6 2. If the correction statement relates to a record filed [or recorded] in a filing
7 office described in ***s. 409.501 (1) (a), the date [and time] that the initial financing
8 statement was filed [or recorded] and the information specified in ***s. 409.502 (2);

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

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

14 End of Alternatives

15 **(3) RECORD NOT AFFECTED BY CORRECTION STATEMENT.** The filing of a correction
16 statement does not affect the effectiveness of an initial financing statement or other
17 filed record.18 Legislative Note: States whose real-estate filing offices require additional
19 information in amendments and cannot search their records by both the name of the
20 debtor and the file number should enact Alternative B to ss. 409.512 (1), 409.518 (2),
21 409.519 (6) and 409.522 (1).22 **409.519 Numbering, maintaining and indexing records;**
23 **communicating information provided in records. (1) FILING OFFICE DUTIES.** For
24 each record filed in a filing office, the filing office shall:

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

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

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

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

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

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

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

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

13 (a) Index an initial financing statement according to the name of the debtor and
14 index all filed records relating to the initial financing statement in a manner that
15 associates with one another an initial financing statement and all filed records
16 relating to the initial financing statement; and

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

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

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

1 (b) To the extent that the law of this state provides for indexing of records of
2 mortgages under the name of the mortgagor, under the name of the secured party
3 as if the secured party were the mortgagee thereunder, or, if indexing is by
4 description, as if the financing statement were a record of a mortgage of the real
5 property described.

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

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

11 (b) To the extent that the law of this state provides for indexing a record of the
12 assignment of a mortgage under the name of the assignee, under the name of the
13 assignee.

14 Alternative A

15 **(6) RETRIEVAL AND ASSOCIATION CAPABILITY.** The filing office shall maintain a
16 capability:

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

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

21 Alternative B

22 **(6) RETRIEVAL AND ASSOCIATION CAPABILITY.** The filing office shall maintain a
23 capability:

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

SECTION 111

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

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

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

8 End of Alternatives

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

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

16 [(9) INAPPLICABILITY TO REAL-PROPERTY-RELATED FILING OFFICE. [Subsection]
17 [Subsections] [(2)] [and] [(8)] [does] [do] not apply to a filing office described in ***s.
18 409.501 (1) (a).]

19 Legislative Notes:

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

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

1 3. States whose real-estate filing offices require additional information in
2 amendments and cannot search their records by both the name of the debtor and the
3 file number should enact Alternative B to ss. 409.512 (1), 409.518 (2), 409.519 (6) and
4 409.522 (1).

5 4. A state that elects not to require real-estate filing offices to comply with
6 either or both of subs. (2) and (8) may adopt an applicable variation of sub. (9) and
7 add “Except as otherwise provided in sub. (9),” to the appropriate subsection or
8 subsections.

****NOTE: Current s. 409.402 (1) (b), Wis. stats., has two nonuniform provisions. The second sentence is added “ 409.402(1)(b) (2nd sentence) In each county, the register of deeds shall enter evidence of financing statements covering fixtures on all indices kept by the register of deeds regarding the transfer of real estate.”. The last sentence is changed to “An accurate reproduction of the security agreement or the financing statement, certified to be a true copy by the secured party, public officer or notary public, or a carbon copy bearing signatures appearing by carbon impression, may be filed.”. The conversion table gives 9-402 (1) as one of the sources for new 9-502, the others being 9-402 (5) and (6). The subject of the 2nd sentence appears to be covered in this section. Should these nonuniform provisions be included in this draft?

****NOTE: Current s. 409.403 (3), Wis. stats., has nonuniform amendments that adds “or an optical disk or electronic copy. In other cases a lapsed statement may not be destroyed until after one year after the lapse.” after “photographic copy” .

****NOTE: Current s. 409.403 (4), Wis. stats., has a nonuniform amendment that adds “or an optical disk or electronic copy” after “photographic copy” . I think the use of the defined term “record” picks up these references to optical or electronic. The conversion table gives 9-403 (3) as the source for new 9-515 and 9-522; and gives 9-403 (4) as the source for new 9-519. The subsection is also nonuniform in other regards. Section 409.403(4) reads: “Except as provided in sub. (7), a filing officer shall mark each statement with a file number and with the date and hour of filing and shall hold the statement or a microfilm or other photographic copy thereof, or an optical disk or electronic copy thereof, for public inspection. In addition the filing officer shall index the statements according to the name of the debtor and shall note in the index the file number and the address of the debtor given in the statement.”. Should any of these nonuniform provisions be included in this draft?

****NOTE: Current s. 409.403 (7) is a nonuniform subsection in that it does not include “and any owner of record shown on the financing statement” after “names of the debtor”. The subsection reads: “409.403(7) When a financing statement covers timber to be cut or covers minerals or the like (including oil and gas) or accounts subject to s. 409.103 (5), or is filed as a fixture filing, the filing officer shall index it under the names of the debtor in the same fashion as if they were the mortgagors in a mortgage of the real estate described, and, to the extent that the law of this state provides for indexing of mortgages under the name of the mortgagee, under the name of the secured party as if the secured party were the mortgagee thereunder, or where indexing is by description in the same fashion as if the financing statement were a mortgage of the real estate

described.” It also deletes the language in brackets: [it shall be filed for record and”] before “the filing officer”. Should these nonuniform deletions be given effect in this draft?

***NOTE: Current s. 409.403 (8) is a nonuniform subsection that is added. It reads: “409.403(8) A separate amendment, continuation statement, termination statement, statement of assignment or statement of release shall be filed for each original financing statement to be affected.” Should this subsection be included in this draft?

***NOTE: The conversion table lists 9-405 (2) as a source for new 9-519. Current s. 409.405(2), Wis. stats., reads: (2) A secured party may assign of record all or part of his or her rights under a financing statement by the filing in the place where the original financing statement was filed of a separate written statement of assignment signed by the secured party of record and setting forth the name of the secured party of record and the debtor, the file number and the date of filing of the financing statement and the name and address of the assignee and containing a description of the collateral assigned. A copy of the assignment is sufficient as a separate statement if it complies with the preceding sentence. On presentation to the filing officer of such a separate statement, the filing officer shall mark such separate statement with the date and hour of the filing. The officer shall note the assignment on the index of the financing statement, or in the case of a fixture filing, or a filing covering timber to be cut, or covering minerals or the like, including oil and gas, or accounts subject to s. 409.103 (5), the officer shall index the assignment under the name of the assignor as grantor and, to the extent that the law of this state provides for indexing the assignment of a mortgage under the name of the assignee, the officer shall index the assignment of the financing statement under the name of the assignee. The fee for filing, indexing and furnishing filing data about such a separate statement of assignment is \$5 if the statement is on the standard form prescribed by the department and is \$10 if the statement is not on the standard form or if additional pages are attached to the standard form. A register of deeds shall forward \$3 to the department for each statement of assignment filed with the office of the register of deeds. Notwithstanding this subsection, an assignment of record of a security interest in a fixture contained in a mortgage effective as a fixture filing under s. 409.402 (6) may be made only by an assignment of the mortgage in the manner provided by the law of this state other than chs. 401 to 411.” Should any of the nonuniform provisions be included in this draft?

- 1 **409.520 Acceptance and refusal to accept record. (1) MANDATORY REFUSAL**
 2 TO ACCEPT RECORD. A filing office shall refuse to accept a record for filing for a reason
 3 set forth in ***s. 409.516 (2) and may refuse to accept a record for filing only for a
 4 reason set forth in ***s. 409.516 (2).
- 5 **(2) COMMUNICATION CONCERNING REFUSAL.** If a filing office refuses to accept a
 6 record for filing, it shall communicate to the person that presented the record the fact
 7 of and reason for the refusal and the date and time the record would have been filed
 8 had the filing office accepted it. The communication must be made at the time and
 9 in the manner proscribed by filing-office rule but [, in the case of a filing office

1 described in ***s. 409.501 (1) (b),] in no event more than 2 business days after the
2 filing office receives the record.

3 (3) WHEN FILED FINANCING STATEMENT EFFECTIVE. A filed financing statement
4 satisfying ***s. 409.502 (1) and (2) is effective, even if the filing office is required to
5 refuse to accept it for filing under sub. (1). However, ***s. 409.338 applies to a filed
6 financing statement providing information described in ***s. 409.516 (2) (e) which
7 is incorrect at the time the financing statement is filed.

8 (4) SEPARATE APPLICATION TO MULTIPLE DEBTORS. If a record communicated to a
9 filing office provides information that relates to more than one debtor, this
10 subchapter applies as to each debtor separately.

11 Legislative Note: A state that elects not to require real–property filing offices
12 to comply with sub. (2) should include the bracketed language.

13 **409.521 Uniform form of written financing statement and amendment.**

14 (1) INITIAL FINANCING STATEMENT FORM. A filing office that accepts written records
15 may not refuse to accept a written initial financing statement in the following form
16 and format except for a reason set forth in ***s. 409.516 (2):

***NOTE: Current s. 409.402 (9). Wis. stats., is a nonuniform addition. It reads:
“409.402(9) A financing statement signed by one spouse is signed by the debtor under this
section if that spouse acting alone has the right under s. 766.51 to manage and control
the collateral, unless a marital property agreement or court decree which is binding on
the secured party under s. 766.55 (4m) or 766.56 (2) (c) provides otherwise.”. The
conversion table lists 9–402 (1) through (8) as sources for 9–502, 9–503 (a) (4), 9–504,
9–506, 9–507, 9–512, and 9–521. Should this subsection be included in this draft?

***NOTE: Current s. 409.402 (3), Wis. stats., is nonuniform in that Wisconsin
deletes item #2, renumbers #3 and #4 to be #2 and #3 and modifies item #2.

“409.402(3) A form substantially as follows is sufficient to comply with sub. (1):
Name of debtor (or assignor) Address Name of secured party (or assignee) Address

409.402(3)(d)1.

1. This financing statement covers the following types (or items) of property:
(Describe)
2. The above goods are to become fixtures on (Legal Description of Real Estate) and
this financing statement is to be filed in the real estate records.
3. (If products of collateral are claimed) Products of the collateral are also covered.
Signature of Debtor (or Assignor)

Signature of Secured Party (or Assignee)
(use whichever is applicable)".

Should any of these changes be included in this draft?

***NOTE: Current s. 409.402 (3m) is a nonuniform addition. It reads: 409.402(3m)
The department shall prescribe by rule standard forms for filing a financing statement,
continuation statement, termination statement, statement of assignment or statement
of release. A filing officer may refuse to accept statements not on the required form or
not containing information required under sub. (1)." Should this subsection be included
in this draft?

1



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	

THE ABOVE SPACE IS FOR FILING OFFICE

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

1a. ORGANIZATION'S NAME			
OR	1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME
1c. MAILING ADDRESS		CITY	STATE POSTAL CODE
1d. TAX ID #, SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION
			1g. ORGANIZATIONAL ID #,

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

2a. ORGANIZATION'S NAME			
OR	2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME
2c. MAILING ADDRESS		CITY	STATE POSTAL CODE
2d. TAX ID #, SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION
			2g. ORGANIZATIONAL ID #,

3. SECURED PARTY'S NAME (Or NAME Of TOTAL ASSIGNEE Of ASSIGNOR S/P) insert only one secured party name (3a Or 3b)

3a. ORGANIZATION'S NAME			
OR	3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME
3c. MAILING ADDRESS		CITY	STATE POSTAL CODE

4. This FINANCING STATEMENT covers the following collateral:

1

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT		
9a. ORGANIZATION'S NAME		
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME MIDDLE NAME, SUFFIX

10 MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE

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

11a. ORGANIZATION'S NAME		
OR	11b. INDIVIDUAL'S LAST NAME	FIRST NAME MIDDLE NAME

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE
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11d. TAX ID #, SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any
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12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME		
OR	12b. INDIVIDUAL'S LAST NAME	FIRST NAME MIDDLE NAME

12c. MAILING ADDRESS	CITY	STATE	POSTAL CODE
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13. This FINANCING STATEMENT covers timber to be cut or as-extracted collateral, or is filed as a fixture filing.

14. Description of real estate:

16. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

1 **(2)** AMENDMENT FORM. A filing office that accepts written records may not refuse
2 to accept a written record in the following form and format except for a reason set
3 forth in ***s. 409.516 (2):

 ***NOTE: Should thes forms be made bigger. I believe they are at 80%.

1

SECTION 111



UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE (

1a. INITIAL FINANCING STATEMENT FILE #

1b. This FINANCING STATEMENT be filed [for record] (or recorded) ESTATE RECORDS.

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

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

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

5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes. Also check one of the following three boxes and provide appropriate information in item 6 and/or 7.

CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c. DELETE name: Give record name to be deleted in item 6a or 6b. ADD name: Complete item 7a or 7b also complete items 7d-7g (if applicable)

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR

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

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

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

7c. MAILING ADDRESS CITY STATE POSTAL CODE

7d. IAX ID #: SSN OR EIN	7e. TYPE OF ORGANIZATION ORGANIZATION DEBTOR	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID #, if any
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8. AMENDMENT (COLLATERAL CHANGE): check only one box.

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

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing

9a. ORGANIZATION'S NAME

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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

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

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

13. Use this space for additional information

THE ABOVE SPACE IS FOR FILING OFF

1

2

409.522 Maintenance and destruction of records.

1 Alternative A

2 **(1) POST-LAPSE MAINTENANCE AND RETRIEVAL OF INFORMATION.** The filing office
3 shall maintain a record of the information provided in a filed financing statement for
4 at least one year after the effectiveness of the financing statement has lapsed under
5 ***s. 409.515 with respect to all secured parties of record. The record must be
6 retrievable by using the name of the debtor and by using the file number assigned
7 to the initial financing statement to which the record relates.

8 Alternative B

9 **(1) POST-LAPSE MAINTENANCE AND RETRIEVAL OF INFORMATION.** The filing office
10 shall maintain a record of the information provided in a filed financing statement for
11 at least one year after the effectiveness of the financing statement has lapsed under
12 ***s. 409.515 with respect to all secured parties of record. The record must be
13 retrievable by using the name of the debtor and:

14 (a) If the record was filed [or recorded] in the filing office described in ***s.
15 409.501 (1) (a), by using the file number assigned to the initial financing statement
16 to which the record relates and the date [and time] that the record was filed [or
17 recorded]; or

18 (b) If the record was filed in the filing office described in ***s. 409.501 (1) (b),
19 by using the file number assigned to the initial financing statement to which the
20 record relates.

21 End of Alternatives

22 **(2) DESTRUCTION OF WRITTEN RECORDS.** Except to the extent that a statute
23 governing disposition of public records provides otherwise, the filing office
24 immediately may destroy any written record evidencing a financing statement.

1 However, if the filing office destroys a written record, it shall maintain another
2 record of the financing statement which complies with sub. (1).

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

***NOTE: Current s. 409.403 (3), Wis. stats., has nonuniform amendments that adds “or an optical disk or electronic copy. In other cases a lapsed statement may not be destroyed until after one year after the lapse.” after “photographic copy” . Current s. 409.403 (4), Wis. stats., has nonuniform amendments that adds “or an optical disk or electronic copy” after “photographic copy” . I think the use of the defined term “record” picks up these references to optical or electronic. The conversion table gives 9-403 (3) as the source for new 9-515 and 9-522; and gives 9-403 (4) as the source for new 9-519. Should any of these nonuniform provisions be included in this draft?

7 **409.523 Information from filing office; sale or license of records. (1)**

8 ACKNOWLEDGMENT OF FILING WRITTEN RECORD. If a person that files a written record
9 requests an acknowledgment of the filing, the filing office shall send to the person
10 an image of the record showing the number assigned to the record pursuant to ***s.
11 409.519 (1) (a) and the date and time of the filing of the record. However, if the person
12 furnishes a copy of the record to the filing office, the filing office may instead:

13 (a) Note upon the copy the number assigned to the record pursuant to ***s.
14 409.519 (1) (a) and the date and time of the filing of the record; and

15 (b) Send the copy to the person.

16 (2) ACKNOWLEDGMENT OF FILING OTHER RECORD. If a person files a record other
17 than a written record, the filing office shall communicate to the person an
18 acknowledgment that provides:

19 (a) The information in the record;

20 (b) The number assigned to the record pursuant to ***s. 409.519 (1) (a); and

21 (c) The date and time of the filing of the record.

1 **(3) COMMUNICATION OF REQUESTED INFORMATION.** The filing office shall
2 communicate or otherwise make available in a record the following information to
3 any person that requests it:

4 (a) Whether there is on file on a date and time specified by the filing office, but
5 not a date earlier than 3 business days before the filing office receives the request,
6 any financing statement that:

7 1. Designates a particular debtor [or, if the request so states, designates a
8 particular debtor at the address specified in the request];

9 2. Has not lapsed under ***s. 409.515 with respect to all secured parties of
10 record; and

11 3. If the request so states, has lapsed under ***s. 409.515 and a record of which
12 is maintained by the filing office under ***s. 409.522 (1);

13 (b) The date and time of filing of each financing statement; and

14 (c) The information provided in each financing statement.

15 **(4) MEDIUM FOR COMMUNICATING INFORMATION.** In complying with its duty under
16 sub. (3), the filing office may communicate information in any medium. However, if
17 requested, the filing office shall communicate information by issuing [its written
18 certificate] [a record that can be admitted into evidence in the courts of this state
19 without extrinsic evidence of its authenticity].

20 **(5) TIMELINESS OF FILING OFFICE PERFORMANCE.** The filing office shall perform
21 the acts required by subs. (1) to (4) at the time and in the manner prescribed by
22 filing-office rule, but not later than 2 business days after the filing office receives the
23 request.

24 **(6) PUBLIC AVAILABILITY OF RECORDS.** At least weekly, the [insert appropriate
25 official or governmental agency] [filing office] shall offer to sell or license to the public

1 on a nonexclusive basis, in bulk, copies of all records filed in it under this subchapter,
2 in every medium from time to time available to the filing office.

3 Legislative Notes:

4 1. States whose filing office does not offer the additional service of responding
5 to search requests limited to a particular address should omit the bracketed
6 language in sub. (3) (a) 1.

7 2. A state that elects not to require real-estate filing offices to comply with
8 either or both of subs. (5) and (6) should specify in the appropriate subsection(s) only
9 the filing office described in ***s. 409.501 (1) (b).

***NOTE: Current s. 409.407 (2), Wis. stats., is nonuniform throughout and current
s. 409.407 (3), Wis. stats., is nonuniform in that it is entirely additional. They read:
“409.407(2) Oral request for information from filing officer; issuance of certificate; fees.

409.407(2)(a)

(a) Upon the oral request of any person, the filing officer shall disclose orally at the time
of the request or as soon thereafter as possible any presently effective statement naming
a particular debtor and if there is such a statement, giving the date and hour of filing of
each such statement and the names and addresses of each secured party therein. The fee
for the information is \$10. Upon the request for a copy of a statement, the filing officer
shall furnish copies for a fee of \$1 per page.

409.407(2)(b)

(b) Upon request of any person, the filing officer shall issue a certificate showing whether
there is on file on the date and hour stated therein, any presently effective statement
naming a particular debtor and if there is, giving the date and hour of filing of each such
statement and the names and addresses of each secured party therein. The fee for such
a certificate is \$10. Upon request the filing officer shall furnish a certificate and copies
of any filed statement for a fee of \$1 for each page of the copied statement.

409.407(2)(c)

(c) For providing any service under par. (a) or (b) in an expeditious manner, the
department may charge and collect an expedited service fee of \$25 in addition to any fee
required under par. (a) or (b). Only one expedited service fee may be charged for multiple
identical certificates if the certificates are requested at the same time and issued at the
same time.

409.407(3)

(3) Liability of filing officer. No filing officer nor any of the filing officer's employes or
agents shall be subject to personal liability by reason of any error or omission in the
performance of any duty under ch. 409 except in case of misconduct as defined in s.
946.12.” The conversion list gives 9-407 as the source for new 9-523. Should any of these
nonuniform provisions be included in this draft?

1 **409.524 Delay by filing office.** Delay by the filing office beyond a time limit
2 prescribed by this subchapter is excused if:

3 (1) The delay is caused by interruption of communication or computer facilities,
4 war, emergency conditions, failure of equipment or other circumstances beyond
5 control of the filing office; and

6 (2) The filing office exercises reasonable diligence under the circumstances.

7 **409.525 FEES. (1) INITIAL FINANCING STATEMENT: GENERAL.** Except as otherwise
8 provided in sub. (5), the fee for filing and indexing a record under this subchapter,
9 other than an initial financing statement of the kind described in ***s. 409.502 (3),
10 is [the amount specified in sub. (3), if applicable, plus]:

11 (a) \$ [X] if the record is communicated in writing and consists of one
12 or 2 pages;

13 (b) \$ [2X] if the record is communicated in writing and consists of more
14 than 2 pages; and

15 (c) \$ [1/2X] if the record is communicated by another medium authorized
16 by filing-office rule.

17 (2) INITIAL FINANCING STATEMENT: ***S. 409.502 (3***).] Except as otherwise provided
18 in sub. (5), the fee for filing and indexing an initial financing statement of the kind
19 described in ***s. 409.502 (3) is [the amount specified in sub. (3), if applicable, plus]:

20 (a) \$ if the financing statement indicates that it is filed in connection with
21 a public-finance transaction; and

22 (b) \$ if the financing statement indicates that it is filed in connection with
23 a manufactured-home transaction.

24 Alternative A

1 **(3) NUMBER OF NAMES.** The number of names required to be indexed does not
2 affect the amount of the fee in subs. (1) and (2).

3 Alternative B

4 **(3) NUMBER OF NAMES.** Except as otherwise provided in sub. (5), if a record is
5 communicated in writing, the fee for each name more than 2 required to be indexed
6 is \$ ____.

7 End of Alternatives]

8 **(4) RESPONSE TO INFORMATION REQUEST.** The fee for responding to a request for
9 information from the filing office, including for [issuing a certificate showing]
10 [communicating] whether there is on file any financing statement naming a
11 particular debtor, is:

12 (a) \$ ____ if the request is communicated in writing; and

13 (b) \$ ____ if the request is communicated by another medium authorized by
14 filing-office rule.

15 **(5) RECORD OF MORTGAGE.** This section does not require a fee with respect to a
16 record of a mortgage which is effective as a financing statement filed as a fixture
17 filing or as a financing statement covering as-extracted collateral or timber to be cut
18 under ***s. 409.502 (3). However, the recording and satisfaction fees that otherwise
19 would be applicable to the record of the mortgage apply.

20 Legislative Notes:

21 1. To preserve uniformity, a state that places the provisions of this section
22 together with statutes setting fees for other services should do so without
23 modification.

- 1 2. A state should enact sub. (3), Alternative A, and omit the bracketed language
2 in subs. (1) and (2) unless its indexing system entails a substantial additional cost
3 when indexing additional names.

****NOTE: Current s. 409.403 (5), Wis. stats., is a nonuniform provision. The conversion table gives 9-403 (4) as the source for new 9-525. Current s. 409.403 (5), Wis. stats., reads: 409.403(5)

409.403(5)(a)

(a) Fees for filing with the office of the register of deeds.

409.403(5)(a)1.

1. The fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an original financing statement is \$8 if the statement is on the standard form prescribed by the department and is \$16 if the statement is not on the standard form or if additional pages are attached to the standard form. The fee for filing an original financing statement subject to s. 409.402 (5) is \$10 if the statement is on the standard form and is \$20 if the statement is not on the standard form or if additional pages are attached to the standard form.

409.403(5)(a)1m.

1m. There is no fee for processing the termination statement.

409.403(5)(a)2.

2. The fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an amendment or a continuation statement is \$5 if the amendment or statement is on the standard form prescribed by the department and is \$10 if the amendment or statement is not on the standard form or if additional pages are attached to the standard form.

409.403(5)(a)3.

3. A register of deeds shall forward \$3 to the department for each original financing statement filed with the office of the register of deeds under subd. 1. and for each amendment and each continuation statement filed with the office of the register of deeds under subd. 2.

409.403(5)(b)

(b) Fees for filing with the department of financial institutions.

409.403(5)(b)1.

1. The fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an original financing statement is \$8 if the statement is on the standard form prescribed by the department and is \$16 if the statement is not on the standard form or if additional pages are attached to the standard form.

409.403(5)(b)1m.

1m. There is no fee for processing the termination statement.

409.403(5)(b)2.

2. The fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an amendment or a continuation statement is \$5 if the amendment or statement is on the standard form prescribed by the department and is \$10 if the amendment or statement is not on the standard form or if additional pages

are attached to the standard form.” I assume that we need the help of the department of financial institutions in properly establishing the fees.

1 **409.526 Filing office rules. (1) ADOPTION OF FILING-OFFICE RULES.** The [insert
2 appropriate governmental official or agency] shall adopt and publish rules to
3 implement this chapter. The filing-office rules must be[:

4 (a) Consistent with this chapter[; and

5 (b) Adopted and published in accordance with the [insert any applicable state
6 administrative procedure act]].

7 **(2) HARMONIZATION OF RULES.** To keep the filing-office rules and practices of the
8 filing office in harmony with the rules and practices of filing offices in other
9 jurisdictions that enact substantially this subchapter, and to keep the technology
10 used by the filing office compatible with the technology used by filing offices in other
11 jurisdictions that enact substantially this subchapter, the [insert appropriate
12 governmental official or agency], so far as is consistent with the purposes, policies
13 and provisions of this chapter, in adopting, amending and repealing filing-office
14 rules, shall:

15 (a) Consult with filing offices in other jurisdictions that enact substantially this
16 subchapter;

17 (b) Consult the most recent version of the Model Rules promulgated by the
18 International Association of Corporate Administrators or any successor
19 organization; and

20 (c) Take into consideration the rules and practices of, and the technology used
21 by, filing offices in other jurisdictions that enact substantially this subchapter.

1 **409.527 Duty to report.** The department shall include in its report under s.
2 15.04 (1) (d) a report on the operation of the filing office. The report must contain a
3 statement of the extent to which:

4 (1) The filing-office rules are not in harmony with the rules of filing offices in
5 other jurisdictions that enact substantially this subchapter and the reasons for these
6 variations; and

7 (2) The filing-office rules are not in harmony with the most recent version of
8 the Model Rules promulgated by the International Association of Corporate
9 Administrators, or any successor organization, and the reasons for these variations.

 ***NOTE: Wisconsin has added two sections to this subject matter. Should they be
 included in this draft? They are: "409.409

409.409 Storage of records. Whenever in this chapter a filing officer is required to mark,
index or file any financing statement, termination statement, continuation statement,
statement of assignment or statement of release, the officer may destroy the original
statement after a microfilm or other photographic copy or an optical disk or electronic
copy has been prepared and filed for retention." and "409.410

409.410 Statewide lien system.

409.410(1)

(1) The department and the office of each register of deeds in this state shall establish and
maintain at least one computer terminal allowing the direct entry into permanent
computer storage and the direct retrieval from permanent computer storage of
information under sub. (2).

409.410(2)

(2) Beginning 30 days after notification by the department, each filing officer shall enter
all information contained in all financing statements, amendments, termination
statements, continuation statements, statements of assignment and statements of
release submitted for filing, indexing or marking under ss. 409.401 to 409.408, including
the date and time of filing these statements or amendments, into permanent computer
storage by means of a computer terminal established and maintained under sub. (1).

409.410(3)

(3) The department shall establish and maintain computer and any other services
necessary to support the uniform commercial code statewide lien system under this
section but may not maintain a central filing system, as defined in 7 USC 1631 (c) (2), for
farm products, as defined in 7 USC 1631 (c) (5)."

10

SUBCHAPTER VI

11

DEFAULT

1 **409.601 Rights after default; judicial enforcement; consignor or buyer**
2 **of accounts, chattel paper, payment intangibles or promissory notes. (1)**

3 RIGHTS OF SECURED PARTY AFTER DEFAULT. After default, a secured party has the rights
4 provided in this subchapter and, except as otherwise provided in ***s. 409.602, those
5 provided by agreement of the parties. A secured party:

6 (a) May reduce a claim to judgment, foreclose or otherwise enforce the claim,
7 security interest or agricultural lien by any available judicial procedure; and

8 (b) If the collateral is documents, may proceed either as to the documents or as
9 to the goods they cover.

10 (2) RIGHTS AND DUTIES OF SECURED PARTY IN POSSESSION OR CONTROL. A secured
11 party in possession of collateral or control of collateral under ***s. 409.104, 409.105,
12 409.106 or 409.107 has the rights and duties provided in ***s. 409.207.

13 (3) RIGHTS CUMULATIVE; SIMULTANEOUS EXERCISE. The rights under subs. (1) and
14 (2) are cumulative and may be exercised simultaneously.

15 (4) RIGHTS OF DEBTOR AND OBLIGOR. Except as otherwise provided in sub. (7) and
16 ***s. 409.605, after default, a debtor and an obligor have the rights provided in this
17 subchapter and by agreement of the parties.

18 (5) LIEN OF LEVY AFTER JUDGMENT. If a secured party has reduced its claim to
19 judgment, the lien of any levy that may be made upon the collateral by virtue of an
20 execution based upon the judgment relates back to the earliest of:

21 (a) The date of perfection of the security interest or agricultural lien in the
22 collateral;

23 (b) The date of filing a financing statement covering the collateral; or

24 (c) Any date specified in a statute under which the agricultural lien was created.

1 (6) EXECUTION SALE. A sale pursuant to an execution is a foreclosure of the
2 security interest or agricultural lien by judicial procedure within the meaning of this
3 section. A secured party may purchase at the sale and thereafter hold the collateral
4 free of any other requirements of this chapter.

5 (7) CONSIGNOR OR BUYER OF CERTAIN RIGHTS TO PAYMENT. Except as otherwise
6 provided in ***s. 409.607 (3), this subchapter imposes no duties upon a secured party
7 that is a consignor or is a buyer of accounts, chattel paper, payment intangibles or
8 promissory notes.

9 **409.602 Waiver and variance of rights and duties.** Except as otherwise
10 provided in ***s. 409.624, to the extent that they give rights to a debtor or obligor and
11 impose duties on a secured party, the debtor or obligor may not waive or vary the
12 rules stated in the following listed sections:

13 (1) Section *** 409.207 (2) (d) 3., which deals with use and operation of the
14 collateral by the secured party;

15 (2) Section *** 409.210, which deals with requests for an accounting and
16 requests concerning a list of collateral and statement of account;

17 (3) Section *** 409.607 (3), which deals with collection and enforcement of
18 collateral;

19 (4) Sections 409.608 (1) and 409.615 (3) to the extent that they deal with
20 application or payment of noncash proceeds of collection, enforcement or disposition;

21 (5) Sections 409.608 (1) and 409.615 (4) to the extent that they require
22 accounting for or payment of surplus proceeds of collateral;

23 (6) Section *** 409.609 to the extent that it imposes upon a secured party that
24 takes possession of collateral without judicial process the duty to do so without
25 breach of the peace;

1 (7) Sections 409.610 (2), 409.611, 409.613 and 409.614, which deal with
2 disposition of collateral;

3 (8) Section *** 409.615 (6), which deals with calculation of a deficiency or
4 surplus when a disposition is made to the secured party, a person related to the
5 secured party or a secondary obligor;

6 (9) Section *** 409.616, which deals with explanation of the calculation of a
7 surplus or deficiency;

8 (10) Sections 409.620, 409.621 and 409.622, which deal with acceptance of
9 collateral in satisfaction of obligation;

10 (11) Section *** 409.623, which deals with redemption of collateral;

11 (12) Section *** 409.624, which deals with permissible waivers; and

12 (13) Sections 409.625 and 409.626, which deal with the secured party's liability
13 for failure to comply with this chapter.

14 **409.603 Agreement on standards concerning rights and duties. (1)**
15 **AGREED STANDARDS.** The parties may determine by agreement the standards
16 measuring the fulfillment of the rights of a debtor or obligor and the duties of a
17 secured party under a rule stated in ***s. 409.602 if the standards are not manifestly
18 unreasonable.

19 **(2) AGREED STANDARDS INAPPLICABLE TO BREACH OF PEACE.** Subsection (1) does not
20 apply to the duty under ***s. 409.609 to refrain from breaching the peace.

21 **409.604 Procedure if security agreement covers real property or**
22 **fixtures. (1) ENFORCEMENT: PERSONAL AND REAL PROPERTY.** If a security agreement
23 covers both personal and real property, a secured party may proceed:

24 (a) Under this subchapter as to the personal property without prejudicing any
25 rights with respect to the real property; or

1 (b) As to both the personal property and the real property in accordance with
2 the rights with respect to the real property, in which case the other provisions of this
3 subchapter do not apply.

4 (2) ENFORCEMENT: FIXTURES. Subject to sub. (3), if a security agreement covers
5 goods that are or become fixtures, a secured party may proceed:

6 (a) Under this subchapter; or

7 (b) In accordance with the rights with respect to real property, in which case the
8 other provisions of this subchapter do not apply.

9 (3) REMOVAL OF FIXTURES. Subject to the other provisions of this subchapter, if
10 a secured party holding a security interest in fixtures has priority over all owners and
11 encumbrancers of the real property, the secured party, after default, may remove the
12 collateral from the real property.

13 (4) INJURY CAUSED BY REMOVAL. A secured party that removes collateral shall
14 promptly reimburse any encumbrancer or owner of the real property, other than the
15 debtor, for the cost of repair of any physical injury caused by the removal. The
16 secured party need not reimburse the encumbrancer or owner for any diminution in
17 value of the real property caused by the absence of the goods removed or by any
18 necessity of replacing them. A person entitled to reimbursement may refuse
19 permission to remove until the secured party gives adequate assurance for the
20 performance of the obligation to reimburse.

21 **409.605 Unknown debtor or secondary obligor.** A secured party does not
22 owe a duty based on its status as secured party:

23 (1) To a person that is a debtor or obligor, unless the secured party knows:

24 (a) That the person is a debtor or obligor;

25 (b) The identity of the person; and

1 (c) How to communicate with the person; or

2 (2) To a secured party or lienholder that has filed a financing statement against
3 a person, unless the secured party knows:

4 (a) That the person is a debtor; and

5 (b) The identity of the person.

6 **409.606 Time of default for agricultural lien.** For purposes of this
7 subchapter, a default occurs in connection with an agricultural lien at the time the
8 secured party becomes entitled to enforce the lien in accordance with the statute
9 under which it was created.

10 **409.607 Collection and enforcement by secured party.** (1) COLLECTION
11 AND ENFORCEMENT GENERALLY. If so agreed, and in any event after default, a secured
12 party:

13 (a) May notify an account debtor or other person obligated on collateral to make
14 payment or otherwise render performance to or for the benefit of the secured party;

15 (b) May take any proceeds to which the secured party is entitled under ***s.
16 409.315;

17 (c) May enforce the obligations of an account debtor or other person obligated
18 on collateral and exercise the rights of the debtor with respect to the obligation of the
19 account debtor or other person obligated on collateral to make payment or otherwise
20 render performance to the debtor, and with respect to any property that secures the
21 obligations of the account debtor or other person obligated on the collateral;

22 (d) If it holds a security interest in a deposit account perfected by control under
23 ***s. 409.104 (1) (a), may apply the balance of the deposit account to the obligation
24 secured by the deposit account; and

1 (e) If it holds a security interest in a deposit account perfected by control under
2 ***s. 409.104 (1) (b) or (c), may instruct the bank to pay the balance of the deposit
3 account to or for the benefit of the secured party.

4 **(2) NONJUDICIAL ENFORCEMENT OF MORTGAGE.** If necessary to enable a secured
5 party to exercise under sub. (1) (c) the right of a debtor to enforce a mortgage
6 nonjudicially, the secured party may record in the office in which a record of the
7 mortgage is recorded:

8 (a) A copy of the security agreement that creates or provides for a security
9 interest in the obligation secured by the mortgage; and

10 (b) The secured party's sworn affidavit in recordable form stating that:

11 1. A default has occurred; and

12 2. The secured party is entitled to enforce the mortgage nonjudicially.

13 **(3) COMMERCIALY REASONABLE COLLECTION AND ENFORCEMENT.** A secured party
14 shall proceed in a commercially reasonable manner if the secured party:

15 (a) Undertakes to collect from or enforce an obligation of an account debtor or
16 other person obligated on collateral; and

17 (b) Is entitled to charge back uncollected collateral or otherwise to full or limited
18 recourse against the debtor or a secondary obligor.

19 **(4) EXPENSES OF COLLECTION AND ENFORCEMENT.** A secured party may deduct
20 from the collections made pursuant to sub. (3) reasonable expenses of collection and
21 enforcement, including reasonable attorney's fees and legal expenses incurred by the
22 secured party.

23 **(5) DUTIES TO SECURED PARTY NOT AFFECTED.** This section does not determine
24 whether an account debtor, bank or other person obligated on collateral owes a duty
25 to a secured party.

1 **409.608 Application of proceeds of collection or enforcement; liability**
2 **for deficiency and right to surplus. (1) APPLICATION OF PROCEEDS, SURPLUS, AND**
3 DEFICIENCY IF OBLIGATION SECURED. If a security interest or agricultural lien secures
4 payment or performance of an obligation, the following rules apply:

5 (a) A secured party shall apply or pay over for application the cash proceeds of
6 collection or enforcement under this section in the following order to:

7 1. The reasonable expenses of collection and enforcement and, to the extent
8 provided for by agreement and not prohibited by law, reasonable attorney's fees and
9 legal expenses incurred by the secured party;

10 2. The satisfaction of obligations secured by the security interest or agricultural
11 lien under which the collection or enforcement is made; and

12 3. The satisfaction of obligations secured by any subordinate security interest
13 in or other lien on the collateral subject to the security interest or agricultural lien
14 under which the collection or enforcement is made if the secured party receives an
15 authenticated demand for proceeds before distribution of the proceeds is completed.

16 (b) If requested by a secured party, a holder of a subordinate security interest
17 or other lien shall furnish reasonable proof of the interest or lien within a reasonable
18 time. Unless the holder complies, the secured party need not comply with the
19 holder's demand under par. (a) 3.

20 (c) A secured party need not apply or pay over for application noncash proceeds
21 of collection and enforcement under this section unless the failure to do so would be
22 commercially unreasonable. A secured party that applies or pays over for application
23 noncash proceeds shall do so in a commercially reasonable manner.

24 (d) A secured party shall account to and pay a debtor for any surplus, and the
25 obligor is liable for any deficiency.

1 **(2) NO SURPLUS OR DEFICIENCY IN SALES OF CERTAIN RIGHTS TO PAYMENT.** If the
2 underlying transaction is a sale of accounts, chattel paper, payment intangibles or
3 promissory notes, the debtor is not entitled to any surplus, and the obligor is not
4 liable for any deficiency.

5 **409.609 Secured party's right to take possession after default. (1)**
6 **POSSESSION; RENDERING EQUIPMENT UNUSABLE; DISPOSITION ON DEBTOR'S PREMISES.** After
7 default, a secured party:

8 (a) May take possession of the collateral; and

9 (b) Without removal, may render equipment unusable and dispose of collateral
10 on a debtor's premises under ***s. 409.610.

11 **(2) JUDICIAL AND NONJUDICIAL PROCESS.** A secured party may proceed under sub.
12 (1):

13 (a) Pursuant to judicial process; or

14 (b) Without judicial process, if it proceeds without breach of the peace.

15 **(3) ASSEMBLY OF COLLATERAL.** If so agreed, and in any event after default, a
16 secured party may require the debtor to assemble the collateral and make it
17 available to the secured party at a place to be designated by the secured party which
18 is reasonably convenient to both parties.

19 **409.610 Disposition of collateral after default. (1) DISPOSITION AFTER**
20 **DEFAULT.** After default, a secured party may sell, lease, license or otherwise dispose
21 of any or all of the collateral in its present condition or following any commercially
22 reasonable preparation or processing.

23 **(2) COMMERCIALY REASONABLE DISPOSITION.** Every aspect of a disposition of
24 collateral, including the method, manner, time, place and other terms, must be
25 commercially reasonable. If commercially reasonable, a secured party may dispose

1 of collateral by public or private proceedings, by one or more contracts, as a unit or
2 in parcels, and at any time and place and on any terms.

3 (3) PURCHASE BY SECURED PARTY. A secured party may purchase collateral:

4 (a) At a public disposition; or

5 (b) At a private disposition only if the collateral is of a kind that is customarily
6 sold on a recognized market or the subject of widely distributed standard price
7 quotations.

8 (4) WARRANTIES ON DISPOSITION. A contract for sale, lease, license or other
9 disposition includes the warranties relating to title, possession, quiet enjoyment and
10 the like which by operation of law accompany a voluntary disposition of property of
11 the kind subject to the contract.

12 (5) DISCLAIMER OF WARRANTIES. A secured party may disclaim or modify
13 warranties under sub. (4):

14 (a) In a manner that would be effective to disclaim or modify the warranties in
15 a voluntary disposition of property of the kind subject to the contract of disposition;
16 or

17 (b) By communicating to the purchaser a record evidencing the contract for
18 disposition and including an express disclaimer or modification of the warranties.

19 (6) RECORD SUFFICIENT TO DISCLAIM WARRANTIES. A record is sufficient to disclaim
20 warranties under sub. (5) if it indicates “There is no warranty relating to title,
21 possession, quiet enjoyment or the like in this disposition” or uses words of similar
22 import.

23 **409.611 Notification before disposition of collateral. (1) NOTIFICATION**
24 **DATE.** In this section, “notification date” means the earlier of the date on which:

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

3 (b) The debtor and any secondary obligor waive the right to notification.

4 (2) NOTIFICATION OF DISPOSITION REQUIRED. Except as otherwise provided in sub.
5 (4), a secured party that disposes of collateral under ***s. 409.610 shall send to the
6 persons specified in sub. (3) a reasonable authenticated notification of disposition.

7 (3) PERSONS TO BE NOTIFIED. To comply with sub. (2), the secured party shall
8 send an authenticated notification of disposition to:

9 (a) The debtor;

10 (b) Any secondary obligor; and

11 (c) If the collateral is other than consumer goods:

12 1. Any other person from which the secured party has received, before the
13 notification date, an authenticated notification of a claim of an interest in the
14 collateral;

***NOTE: New s. 409.611 (3) (c)1. (present 9-504 (3) 5th sentence) is not included
in s. 409.504 (3), Wis. stats. Should it be deleted from here?

15 2. Any other secured party or lienholder that, 10 days before the notification
16 date, held a security interest in or other lien on the collateral perfected by the filing
17 of a financing statement that:

18 a. Identified the collateral;

19 b. Was indexed under the debtor's name as of that date; and

20 c. Was filed in the office in which to file a financing statement against the debtor
21 covering the collateral as of that date; and

1 3. Any other secured party that, 10 days before the notification date, held a
2 security interest in the collateral perfected by compliance with a statute, regulation
3 or treaty described in ***s. 409.311 (1).

4 **(4) SUB. (2) INAPPLICABLE: PERISHABLE COLLATERAL; RECOGNIZED MARKET.**
5 Subsection (2) does not apply if the collateral is perishable or threatens to decline
6 speedily in value or is of a type customarily sold on a recognized market.

7 **(5) COMPLIANCE WITH SUB. (3) (C) 2.** A secured party complies with the
8 requirement for notification prescribed by sub. (3) (c) 2. if:

9 (a) Not later than 20 days or earlier than 30 days before the notification date,
10 the secured party requests, in a commercially reasonable manner, information
11 concerning financing statements indexed under the debtor's name in the office
12 indicated in sub. (3) (c) 2.; and

13 (b) Before the notification date, the secured party:

14 1. Did not receive a response to the request for information; or

15 2. Received a response to the request for information and sent an authenticated
16 notification of disposition to each secured party or other lienholder named in that
17 response whose financing statement covered the collateral.

18 **409.612 Timeliness of notification before disposition of collateral. (1)**

19 REASONABLE TIME IS QUESTION OF FACT. Except as otherwise provided in sub. (2),
20 whether a notification is sent within a reasonable time is a question of fact.

21 **(2) TEN-DAY PERIOD SUFFICIENT IN NON CONSUMER TRANSACTION.** In a transaction
22 other than a consumer transaction, a notification of disposition sent after default and
23 10 days or more before the earliest time of disposition set forth in the notification is
24 sent within a reasonable time before the disposition.

1 **409.613 Contents and form of notification before disposition of**
2 **collateral: general.** Except in a consumer-goods transaction, the following rules
3 apply:

4 (1) The contents of a notification of disposition are sufficient if the notification:

5 (a) Describes the debtor and the secured party;

6 (b) Describes the collateral that is the subject of the intended disposition;

7 (c) States the method of intended disposition;

8 (d) States that the debtor is entitled to an accounting of the unpaid
9 indebtedness and states the charge, if any, for an accounting; and

10 (e) States the time and place of a public sale or the time after which any other
11 disposition is to be made.

12 (2) Whether the contents of a notification that lacks any of the information
13 specified in sub. (1) are nevertheless sufficient is a question of fact.

14 (3) The contents of a notification providing substantially the information
15 specified in sub. (1) are sufficient, even if the notification includes:

16 (a) Information not specified by sub. (1); or

17 (b) Minor errors that are not seriously misleading.

18 (4) A particular phrasing of the notification is not required.

19 (5) The following form of notification and the form appearing in ***s. 409.614
20 (3), when completed, each provides sufficient information:

21 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

22 To: *[Name of debtor, obligor, or other person to which the notification is sent]*

23 From: *[Name, address, and telephone number of secured party]*

24 Name of Debtor(s): *[Include only if debtor(s) are not an addressee]*

25 *[For a public disposition:]*

1 We will sell [or lease or license, as *applicable*] the [describe collateral] [to
2 the highest qualified bidder] in public as follows:

3 Day and Date:

4 Time:

5 Place:

6 [*For a private disposition:*]

7 We will sell [or lease or license, as *applicable*] the [describe collateral]
8 privately sometime after [day and date]

9 You are entitled to an accounting of the unpaid indebtedness secured by the
10 property that we intend to sell [or lease or license, as *applicable*]

11 [for a charge of \$]. You may request an accounting by calling us at
12 [telephone number]

13 **[End of Form]**

14 **409.614 Contents and form of notification before disposition of**
15 **collateral: consumer-goods transaction.** In a consumer-goods transaction, the
16 following rules apply:

17 (1) A notification of disposition must provide the following information:

18 (a) The information specified in ***s. 409.613 (1);

19 (b) A description of any liability for a deficiency of the person to which the
20 notification is sent;

21 (c) A telephone number from which the amount that must be paid to the secured
22 party to redeem the collateral under ***s. 409.623 is available; and

23 (d) A telephone number or mailing address from which additional information
24 concerning the disposition and the obligation secured is available.

25 (2) A particular phrasing of the notification is not required.

1 (3) The following form of notification, when completed, provides sufficient
2 information:

3 [Name and address of secured party]

4 [Date]

5 **NOTICE OF OUR PLAN TO SELL PROPERTY**

6 [Name and address of any obligor who is also a debtor]

7 Subject: [Identification of Transaction]

8 We have your [describe collateral] , because you broke promises in our
9 agreement.

10 [For a public disposition:]

11 We will sell [describe collateral] at public sale. A sale could include a lease
12 or license. The sale will be held as follows:

13 Date:

14 Time:

15 Place:

16 You may attend the sale and bring bidders if you want.

17 [For a private disposition:]

18 We will sell [describe collateral] at private sale sometime after [date]

 . A sale could include a lease or license.

19 The money that we get from the sale (after paying our costs) will reduce the
20 amount you owe. If we get less money than you owe, you [will or will not, as
21 applicable] still owe us the difference. If we get more money than you owe, you
22 will get the extra money, unless we must pay it to someone else.

1 You can get the property back at any time before we sell it by paying us the full
2 amount you owe (not just the past due payments), including our expenses. To learn
3 the exact amount you must pay, call us at *[telephone number]* .

4 If you want us to explain to you in writing how we have figured the amount that
5 you owe us, you may call us at *[telephone number]* [or write us at *[secured*
6 *party's address]*] and request a written explanation. [We will charge you \$ for
7 the explanation if we sent you another written explanation of the amount you owe
8 us within the last 6 months.]

9 If you need more information about the sale call us at *[telephone number]*
10] [or write us at *[secured party's address]*].

11 We are sending this notice to the following other people who have an interest
12 in *[describe collateral]* or who owe money under your agreement:

13 *[Names of all other debtors and obligors, if any]*

14 **[End of Form]**

15 (4) A notification in the form of sub. (3) is sufficient, even if additional
16 information appears at the end of the form.

17 (5) A notification in the form of sub. (3) is sufficient, even if it includes errors
18 in information not required by sub. (1), unless the error is misleading with respect
19 to rights arising under this chapter.

20 (6) If a notification under this section is not in the form of sub. (3), law other
21 than this chapter determines the effect of including information not required by sub.
22 (1).

23 **409.615 Application of proceeds of disposition; liability fro deficiency**
24 **and right to surplus. (1) APPLICATION OF PROCEEDS.** A secured party shall apply
25 or pay over for application the cash proceeds of disposition in the following order to:

1 (a) The reasonable expenses of retaking, holding, preparing for disposition,
2 processing and disposing, and, to the extent provided for by agreement and not
3 prohibited by law, reasonable attorney's fees and legal expenses incurred by the
4 secured party;

5 (b) The satisfaction of obligations secured by the security interest or
6 agricultural lien under which the disposition is made;

7 (c) The satisfaction of obligations secured by any subordinate security interest
8 in or other subordinate lien on the collateral if:

9 1. The secured party receives from the holder of the subordinate security
10 interest or other lien an authenticated demand for proceeds before distribution of the
11 proceeds is completed; and

12 2. In a case in which a consignor has an interest in the collateral, the
13 subordinate security interest or other lien is senior to the interest of the consignor;
14 and

15 (d) A secured party that is a consignor of the collateral if the secured party
16 receives from the consignor an authenticated demand for proceeds before
17 distribution of the proceeds is completed.

18 **(2) PROOF OF SUBORDINATE INTEREST.** If requested by a secured party, a holder
19 of a subordinate security interest or other lien shall furnish reasonable proof of the
20 interest or lien within a reasonable time. Unless the holder does so, the secured party
21 need not comply with the holder's demand under sub. (1) (c).

22 **(3) APPLICATION OF NONCASH PROCEEDS.** A secured party need not apply or pay
23 over for application noncash proceeds of disposition under this section unless the
24 failure to do so would be commercially unreasonable. A secured party that applies

1 or pays over for application noncash proceeds shall do so in a commercially
2 reasonable manner.

3 (4) SURPLUS OR DEFICIENCY IF OBLIGATION SECURED. If the security interest under
4 which a disposition is made secures payment or performance of an obligation, after
5 making the payments and applications required by sub. (1) and permitted by sub. (3):

6 (a) Unless sub. (1) (d) requires the secured party to apply or pay over cash
7 proceeds to a consignor, the secured party shall account to and pay a debtor for any
8 surplus; and

9 (b) The obligor is liable for any deficiency.

10 (5) NO SURPLUS OR DEFICIENCY IN SALES OF CERTAIN RIGHTS TO PAYMENT. If the
11 underlying transaction is a sale of accounts, chattel paper, payment intangibles or
12 promissory notes:

13 (a) The debtor is not entitled to any surplus; and

14 (b) The obligor is not liable for any deficiency.

15 (6) CALCULATION OF SURPLUS OR DEFICIENCY IN DISPOSITION TO PERSON RELATED TO
16 SECURED PARTY. The surplus or deficiency following a disposition is calculated based
17 on the amount of proceeds that would have been realized in a disposition complying
18 with this subchapter to a transferee other than the secured party, a person related
19 to the secured party or a secondary obligor if:

20 (a) The transferee in the disposition is the secured party, a person related to the
21 secured party or a secondary obligor; and

22 (b) The amount of proceeds of the disposition is significantly below the range
23 of proceeds that a complying disposition to a person other than the secured party, a
24 person related to the secured party or a secondary obligor would have brought.

1 (7) CASH PROCEEDS RECEIVED BY JUNIOR SECURED PARTY. A secured party that
2 receives cash proceeds of a disposition in good faith and without knowledge that the
3 receipt violates the rights of the holder of a security interest or other lien that is not
4 subordinate to the security interest or agricultural lien under which the disposition
5 is made:

6 (a) Takes the cash proceeds free of the security interest or other lien;

7 (b) Is not obligated to apply the proceeds of the disposition to the satisfaction
8 of obligations secured by the security interest or other lien; and

9 (c) Is not obligated to account to or pay the holder of the security interest or
10 other lien for any surplus.

11 **409.616 Explanation of calculation of surplus or deficiency. (1)**

12 DEFINITIONS. In this section:

13 (a) “Explanation” means a writing that:

14 1. States the amount of the surplus or deficiency;

15 2. Provides an explanation in accordance with sub. (3) of how the secured party
16 calculated the surplus or deficiency;

17 3. States, if applicable, that future debits, credits, charges, including additional
18 credit service charges or interest, rebates and expenses may affect the amount of the
19 surplus or deficiency; and

20 4. Provides a telephone number or mailing address from which additional
21 information concerning the transaction is available.

22 (b) “Request” means a record:

23 1. Authenticated by a debtor or consumer obligor;

24 2. Requesting that the recipient provide an explanation; and

25 3. Sent after disposition of the collateral under ***s. 409.610.

1 **(2) EXPLANATION OF CALCULATION.** In a consumer–goods transaction in which
2 the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under
3 ***s. 409.615, the secured party shall:

4 (a) Send an explanation to the debtor or consumer obligor, as applicable, after
5 the disposition and:

6 1. Before or when the secured party accounts to the debtor and pays any surplus
7 or first makes written demand on the consumer obligor after the disposition for
8 payment of the deficiency; and

9 2. Within 14 days after receipt of a request; or

10 (b) In the case of a consumer obligor who is liable for a deficiency, within 14 days
11 after receipt of a request, send to the consumer obligor a record waiving the secured
12 party’s right to a deficiency.

13 **(3) REQUIRED INFORMATION.** To comply with sub. (1) (a) 2., a writing must provide
14 the following information in the following order:

15 (a) The aggregate amount of obligations secured by the security interest under
16 which the disposition was made, and, if the amount reflects a rebate of unearned
17 interest or credit service charge, an indication of that fact, calculated as of a specified
18 date:

19 1. If the secured party takes or receives possession of the collateral after
20 default, not more than 35 days before the secured party takes or receives possession;
21 or

22 2. If the secured party takes or receives possession of the collateral before
23 default or does not take possession of the collateral, not more than 35 days before the
24 disposition;

25 (b) The amount of proceeds of the disposition;

1 (c) The aggregate amount of the obligations after deducting the amount of
2 proceeds;

3 (d) The amount, in the aggregate or by type, and types of expenses, including
4 expenses of retaking, holding, preparing for disposition, processing and disposing of
5 the collateral, and attorney's fees secured by the collateral which are known to the
6 secured party and relate to the current disposition;

7 (e) The amount, in the aggregate or by type, and types of credits, including
8 rebates of interest or credit service charges, to which the obligor is known to be
9 entitled and which are not reflected in the amount in par. (a); and

10 (f) The amount of the surplus or deficiency.

11 (4) SUBSTANTIAL COMPLIANCE. A particular phrasing of the explanation is not
12 required. An explanation complying substantially with the requirements of sub. (1)
13 is sufficient, even if it includes minor errors that are not seriously misleading.

14 (5) CHARGES FOR RESPONSES. A debtor or consumer obligor is entitled without
15 charge to one response to a request under this section during any 6-month period in
16 which the secured party did not send to the debtor or consumer obligor an
17 explanation pursuant to sub. (2) (a). The secured party may require payment of a
18 charge not exceeding \$25 for each additional response.

19 **409.617 Rights of transferee of collateral. (1) EFFECTS OF DISPOSITION.** A
20 secured party's disposition of collateral after default:

21 (a) Transfers to a transferee for value all of the debtor's rights in the collateral;

22 (b) Discharges the security interest under which the disposition is made; and

23 (c) Discharges any subordinate security interest or other subordinate lien
24 [other than liens created under [cite acts or statutes providing for liens, if any, that
25 are not to be discharged]].

1 **(2) RIGHTS OF GOOD-FAITH TRANSFEREE.** A transferee that acts in good faith takes
2 free of the rights and interests described in sub. (1), even if the secured party fails
3 to comply with this chapter or the requirements of any judicial proceeding.

4 **(3) RIGHTS OF OTHER TRANSFEREE.** If a transferee does not take free of the rights
5 and interests described in sub. (1), the transferee takes the collateral subject to:

6 (a) The debtor's rights in the collateral;

7 (b) The security interest or agricultural lien under which the disposition is
8 made; and

9 (c) Any other security interest or other lien.

10 **409.618 Rights and duties of certain secondary obligors. (1) RIGHTS AND**
11 **DUTIES OF SECONDARY OBLIGOR.** A secondary obligor acquires the rights and becomes
12 obligated to perform the duties of the secured party after the secondary obligor:

13 (a) Receives an assignment of a secured obligation from the secured party;

14 (b) Receives a transfer of collateral from the secured party and agrees to accept
15 the rights and assume the duties of the secured party; or

16 (c) Is subrogated to the rights of a secured party with respect to collateral.

17 **(2) EFFECT OF ASSIGNMENT, TRANSFER OR SUBROGATION.** An assignment, transfer
18 or subrogation described in sub. (1):

19 (a) Is not a disposition of collateral under ****s. 409.610; and

20 (b) Relieves the secured party of further duties under this chapter.

21 **409.619 Transfer of record or legal title. (1) TRANSFER STATEMENT.** In this
22 section, "transfer statement" means a record authenticated by a secured party
23 stating:

24 (a) That the debtor has defaulted in connection with an obligation secured by
25 specified collateral;

1 (b) That the secured party has exercised its post–default remedies with respect
2 to the collateral;

3 (c) That, by reason of the exercise, a transferee has acquired the rights of the
4 debtor in the collateral; and

5 (d) The name and mailing address of the secured party, debtor and transferee.

6 (2) EFFECT OF TRANSFER STATEMENT. A transfer statement entitles the transferee
7 to the transfer of record of all rights of the debtor in the collateral specified in the
8 statement in any official filing, recording, registration or certificate–of–title system
9 covering the collateral. If a transfer statement is presented with the applicable fee
10 and request form to the official or office responsible for maintaining the system, the
11 official or office shall:

12 (a) Accept the transfer statement;

13 (b) Promptly amend its records to reflect the transfer; and

14 (c) If applicable, issue a new appropriate certificate of title in the name of the
15 transferee.

16 (3) TRANSFER NOT A DISPOSITION; NO RELIEF OF SECURED PARTY'S DUTIES. A transfer
17 of the record or legal title to collateral to a secured party under sub. (2) or otherwise
18 is not of itself a disposition of collateral under this chapter and does not of itself
19 relieve the secured party of its duties under this chapter.

20 **409.620 Acceptance of collateral in full or partial satisfaction of**
21 **obligation; compulsory disposition of collateral. (1) CONDITIONS TO ACCEPTANCE**
22 **IN SATISFACTION.** Except as otherwise provided in sub. (7), a secured party may accept
23 collateral in full or partial satisfaction of the obligation it secures only if:

24 (a) The debtor consents to the acceptance under sub. (3);

1 (b) The secured party does not receive, within the time set forth in sub. (4), a
2 notification of objection to the proposal authenticated by:

3 1. A person to which the secured party was required to send a proposal under
4 ***s. 409.621; or

5 2. Any other person, other than the debtor, holding an interest in the collateral
6 subordinate to the security interest that is the subject of the proposal;

7 (c) If the collateral is consumer goods, the collateral is not in the possession of
8 the debtor when the debtor consents to the acceptance; and

9 (d) Subsection (5) does not require the secured party to dispose of the collateral
10 or the debtor waives the requirement pursuant to ***s. 409.624.

11 **(2) PURPORTED ACCEPTANCE INEFFECTIVE.** A purported or apparent acceptance
12 of collateral under this section is ineffective unless:

13 (a) The secured party consents to the acceptance in an authenticated record or
14 sends a proposal to the debtor; and

15 (b) The conditions of sub. (1) are met.

16 **(3) DEBTOR'S CONSENT.** For purposes of this section:

17 (a) A debtor consents to an acceptance of collateral in partial satisfaction of the
18 obligation it secures only if the debtor agrees to the terms of the acceptance in a
19 record authenticated after default; and

20 (b) A debtor consents to an acceptance of collateral in full satisfaction of the
21 obligation it secures only if the debtor agrees to the terms of the acceptance in a
22 record authenticated after default or the secured party:

23 1. Sends to the debtor after default a proposal that is unconditional or subject
24 only to a condition that collateral not in the possession of the secured party be
25 preserved or maintained;

1 2. In the proposal, proposes to accept collateral in full satisfaction of the
2 obligation it secures; and

3 3. Does not receive a notification of objection authenticated by the debtor within
4 20 days after the proposal is sent.

5 **(4) EFFECTIVENESS OF NOTIFICATION.** To be effective under sub. (1) (b), a
6 notification of objection must be received by the secured party:

7 (a) In the case of a person to which the proposal was sent pursuant to ***s.
8 409.621, within 20 days after notification was sent to that person; and

9 (b) In other cases:

10 1. Within 20 days after the last notification was sent pursuant to ***s. 409.621;
11 or

12 2. If a notification was not sent, before the debtor consents to the acceptance
13 under sub. (3).

14 **(5) MANDATORY DISPOSITION OF CONSUMER GOODS.** A secured party that has taken
15 possession of collateral shall dispose of the collateral pursuant to ***s. 409.610
16 within the time specified in sub. (6) if:

17 (a) Sixty percent of the cash price has been paid in the case of a purchase-money
18 security interest in consumer goods; or

***NOTE: This one of two places in this draft that "cash price" is used. The other is s. 409.625 (3) (b)). Current s. 409.505 (1), Wis. stats. defines cash price: "In this subsection "cash price" means the seller's price in dollars for the sale of the goods and the transfer of unqualified title thereto upon the concurrent payment of such price in cash or the equivalent thereof." Current s. 409.507 (1), stats., use "cash price" without defining it. Current ss. 218.01 (1) (b) and 421.301 (7), Wis. stats., also define the term. Should this definition be included in this draft? That subsection also states: "loan" refers to the principal and does not include interest or service charges." "Loan" appears to have been changed to obligation in this draft. Should this last sentence be included in this draft but using obligation?

***NOTE: Current s. 409.505 (2), Wis. stats., is another nonuniform provision. The 2nd and 3rd sentences are the nonuniform parts. The table of disposition of current provisions lists 9-620, 9-621 and 9-624 as sources for 9-504. Should any of the nonuniform provisions be included in this draft?