

1 A security interest does not exist under this chapter in ordinary building materials
2 incorporated into an improvement on land.

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

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

9 (4) FIXTURES PURCHASE-MONEY PRIORITY. Except as otherwise provided in sub.
10 (8), a perfected security interest in fixtures has priority over a conflicting interest of
11 an encumbrancer or owner of the real property if the debtor has an interest of record
12 in or is in possession of the real property and:

13 (a) The security interest is a purchase-money security interest;

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

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

18 (5) PRIORITY OF SECURITY INTEREST IN FIXTURES OVER INTERESTS IN REAL PROPERTY.
19 A perfected security interest in fixtures has priority over a conflicting interest of an
20 encumbrancer or owner of the real property if:

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

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

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

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

5 1. Factory or office machines;

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

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

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

12 (d) The security interest is:

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

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

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

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

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

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

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

10 **(9) PRIORITY OF SECURITY INTEREST IN CROPS.** A perfected security interest in
11 crops growing on real property has priority over a conflicting interest of an
12 encumbrancer or owner of the real property if the debtor has an interest of record in
13 or is in possession of the real property.

14 **409.335 Accessions. (1) CREATION OF SECURITY INTEREST IN ACCESSION.** A
15 security interest may be created in an accession and continues in collateral that
16 becomes an accession.

17 **(2) PERFECTION OF SECURITY INTEREST.** If a security interest is perfected when
18 the collateral becomes an accession, the security interest remains perfected in the
19 collateral.

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

23 **(4) COMPLIANCE WITH CERTIFICATE-OF-TITLE STATUTE.** A security interest in an
24 accession is subordinate to a security interest in the whole which is perfected by

1 compliance with the requirements of a certificate-of-title statute under s. 409.311
2 (2).

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

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

16 **409.336 Commingled goods.** (1) COMMINGLED GOODS. In this section,
17 “commingled goods” means goods that are physically united with other goods in such
18 a manner that their identity is lost in a product or mass.

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

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

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

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

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

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

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

16 **409.337 Priority of security interests in goods covered by certificate of**
17 **title.** If, while a security interest in goods is perfected by any method under the law
18 of another jurisdiction, this state issues a certificate of title that does not show that
19 the goods are subject to the security interest or contain a statement that they may
20 be subject to security interests not shown on the certificate:

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

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

5 **409.338 Priority of security interest or agricultural lien perfected by**
6 **filed financing statement providing certain incorrect information.** If a
7 security interest or agricultural lien is perfected by a filed financing statement
8 providing information described in s. 409.516 (2) (e) which is incorrect at the time the
9 financing statement is filed:

10 (1) The security interest or agricultural lien is subordinate to a conflicting
11 perfected security interest in the collateral to the extent that the holder of the
12 conflicting security interest gives value in reasonable reliance upon the incorrect
13 information; and

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

19 **409.339 Priority subject to subordination.** This chapter does not preclude
20 subordination by agreement by a person entitled to priority.

21 **409.340 Effectiveness of right of recoupment or set-off against deposit**
22 **account.** (1) EXERCISE OF RECOUPMENT OR SET-OFF. Except as otherwise provided in
23 sub. (3), a bank with which a deposit account is maintained may exercise any right
24 of recoupment or set-off against a secured party that holds a security interest in the
25 deposit account.

1 **409.401 Alienability of debtor's rights.** (1) OTHER LAW GOVERNS
2 ALIENABILITY; EXCEPTIONS. Except as otherwise provided in sub. (2) and ss. 409.406,
3 409.407, 409.408 and 409.409, whether a debtor's rights in collateral may be
4 voluntarily or involuntarily transferred is governed by law other than this chapter.

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

8 **409.402 Secured party not obligated on contract of debtor or in tort.**
9 The existence of a security interest, agricultural lien or authority given to a debtor
10 to dispose of or use collateral, without more, does not subject a secured party to
11 liability in contract or tort for the debtor's acts or omissions.

12 **409.403 Agreement not to assert defenses against assignee.** (1) VALUE.
13 In this section, "value" has the meaning provided in s. 403.303 (1).

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

18 (a) For value;

19 (b) In good faith;

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

22 (d) Without notice of a defense or claim in recoupment of the type that may be
23 asserted against a person entitled to enforce a negotiable instrument under s.
24 403.305 (1).

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

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

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

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

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

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

20 **409.404 Rights acquired by assignee; claims and defenses against**
21 **assignee. (1) ASSIGNEE'S RIGHTS SUBJECT TO TERMS, CLAIMS AND DEFENSES; EXCEPTIONS.**
22 Unless an account debtor has made an enforceable agreement not to assert defenses
23 or claims, and subject to subs. (2) to (5), the rights of an assignee are subject to:

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

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

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

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

15 (4) OMISSION OF REQUIRED STATEMENT IN CONSUMER TRANSACTION. In a consumer
16 transaction, if a record evidences the account debtor's obligation, law other than this
17 chapter requires that the record include a statement to the effect that the account
18 debtor's recovery against an assignee with respect to claims and defenses against the
19 assignor may not exceed amounts paid by the account debtor under the record and
20 the record does not include such a statement, the extent to which a claim of an
21 account debtor against the assignor may be asserted against an assignee is
22 determined as if the record included such a statement.

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

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

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

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

10 (b) The right to payment or a part thereof has been fully earned by performance
11 and the account debtor has not received notification of the assignment under s.
12 409.406 (1).

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

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

19 **409.406 Discharge of account debtor; notification of assignment;**
20 **identification and proof of assignment; restrictions on assignment of**
21 **accounts, chattel paper, payment intangibles and promissory notes**
22 **ineffective. (1) DISCHARGE OF ACCOUNT DEBTOR; EFFECT OF NOTIFICATION.** Subject to
23 subs. (2) to (9), an account debtor on an account, chattel paper or a payment
24 intangible may discharge its obligation by paying the assignor until, but not after,
25 the account debtor receives a notification, authenticated by the assignor or the

1 assignee, that the amount due or to become due has been assigned and that payment
2 is to be made to the assignee. After receipt of the notification, the account debtor may
3 discharge its obligation by paying the assignee and may not discharge the obligation
4 by paying the assignor.

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

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

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

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

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

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

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

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

23 (4) TERM RESTRICTING ASSIGNMENT GENERALLY INEFFECTIVE. Except as otherwise
24 provided in sub. (5) and ss. 409.407 and 411.303, and subject to sub. (8), a term in an

1 agreement between an account debtor and an assignor or in a promissory note is
2 ineffective to the extent that it:

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

7 (b) Provides that the assignment or transfer or the creation, attachment,
8 perfection or enforcement of the security interest may give rise to a default, breach,
9 right of recoupment, claim, defense, termination, right of termination or remedy
10 under the account, chattel paper, payment intangible or promissory note.

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

13 (6) LEGAL RESTRICTIONS ON ASSIGNMENT GENERALLY INEFFECTIVE. Except as
14 otherwise provided in ss. 108.13, 409.407, 411.303 and 565.30 and subject to subs.
15 (8) and (9), a rule of law, statute or rule that prohibits, restricts or requires the
16 consent of a government, governmental body or official or account debtor to the
17 assignment or transfer of, or creation of a security interest in, an account or chattel
18 paper is ineffective to the extent that the rule of law, statute or rule:

19 (a) Prohibits, restricts or requires the consent of the government, governmental
20 body or official or account debtor to the assignment or transfer of, or the creation,
21 attachment, perfection or enforcement of a security interest in, the account or chattel
22 paper; or

23 (b) Provides that the assignment or transfer or the creation, attachment,
24 perfection or enforcement of the security interest may give rise to a default, breach,

1 right of recoupment, claim, defense, termination, right of termination or remedy
2 under the account or chattel paper.

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

5 (8) 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 (9) INAPPLICABILITY TO HEALTH-CARE-INSURANCE RECEIVABLE. This section does
10 not apply to an assignment of a health-care-insurance receivable.

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

15 (a) Prohibits, restricts or requires the consent of a party to the lease to the
16 assignment or transfer of, or the creation, attachment, perfection or enforcement of
17 a security interest in, an interest of a party under the lease contract or in the lessor’s
18 residual interest in the goods; or

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

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

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

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

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

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

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

24 or

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

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

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

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

16 or

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

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

1 perfection of a security interest in the promissory note, health-care-insurance
2 receivable or general intangible:

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

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

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

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

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

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

20 **409.409 Restrictions on assignment of letter-of-credit rights**
21 **ineffective. (1) TERM OR LAW RESTRICTING ASSIGNMENT GENERALLY INEFFECTIVE.** A
22 term in a letter of credit or a rule of law, statute, rule, custom or practice applicable
23 to the letter of credit which prohibits, restricts or requires the consent of an
24 applicant, issuer or nominated person to a beneficiary's assignment of or creation of

1 a security interest in a letter-of-credit right is ineffective to the extent that the term
2 or rule of law, statute, rule, custom or practice:

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

5 (b) Provides that the assignment or the creation, attachment or perfection of the
6 security interest may give rise to a default, breach, right of recoupment, claim,
7 defense, termination, right of termination or remedy under the letter-of-credit
8 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
25 sub. (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 the department of financial institutions, 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 department of financial institutions. The
14 financing statement also constitutes a fixture filing as to the collateral indicated in
15 the financing statement which is or is to become fixtures.

16 **409.502 Contents of financing statement; record of mortgage as**
17 **financing statement; time of filing financing statement.** (1) SUFFICIENCY OF
18 FINANCING STATEMENT. Subject to sub. (2), a financing statement is sufficient only if
19 it:

20 (a) Provides the name of the debtor;

21 (b) Provides the name of the secured party or a representative of the secured
22 party; and

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

24 (2) REAL-PROPERTY-RELATED FINANCING STATEMENTS. Except as otherwise
25 provided in s. 409.501 (2), to be sufficient, a financing statement that covers

1 as-extracted collateral or timber to be cut, or which is filed as a fixture filing and
2 covers goods that are or are to become fixtures, must satisfy sub. (1) and also:

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

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

5 (c) Provide a description of the real property to which the collateral is related
6 sufficient to give constructive notice of a mortgage under the law of this state if the
7 description were contained in a record of the mortgage of the real property; and

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

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

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

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

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

20 (d) The record is duly recorded.

21 **(4) FILING BEFORE SECURITY AGREEMENT OR ATTACHMENT.** A financing statement
22 may be filed before a security agreement is made or a security interest otherwise
23 attaches.

24 **409.503 Name of debtor and secured party. (1) SUFFICIENCY OF DEBTOR'S**
25 **NAME.** A financing statement sufficiently provides the name of the debtor:

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

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

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

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

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

14 (d) In other cases:

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

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

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

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

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

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

3 (4) REPRESENTATIVE CAPACITY. Failure to indicate the representative capacity
4 of a secured party or representative of a secured party does not affect the sufficiency
5 of a financing statement.

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

8 **409.504 Indication of collateral.** A financing statement sufficiently
9 indicates the collateral that it covers if the financing statement provides:

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

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

13 **409.505 Filing and compliance with other statutes and treaties for**
14 **consignments, leases, other bailments and other transactions.** (1) USE OF
15 TERMS OTHER THAN DEBTOR AND SECURED PARTY. A consignor, lessor or other bailor of
16 goods, a licensor or a buyer of a payment intangible or promissory note may file a
17 financing statement, or may comply with a statute or treaty described in s. 409.311
18 (1), using the terms "consignor", "consignee", "lessor", "lessee", "bailor", "bailee",
19 "licensor", "licenscc", "owner", "registered owner", "buyer", "seller", or words of
20 similar import, instead of the terms "secured party" and "debtor".

21 (2) EFFECT OF FINANCING STATEMENT UNDER SUB. (1). This subchapter applies to
22 the filing of a financing statement under sub. (1) and, as appropriate, to compliance
23 that is equivalent to filing a financing statement under s. 409.311 (2), but the filing
24 or compliance is not of itself a factor in determining whether the collateral secures
25 an obligation. If it is determined for another reason that the collateral secures an

1 obligation, a security interest held by the consignor, lessor, bailor, licensor, owner or
2 buyer which attaches to the collateral is perfected by the filing or compliance

3 **409.506 Effect of errors or omissions. (1) MINOR ERRORS AND OMISSIONS.** A
4 financing statement substantially satisfying the requirements of this subchapter is
5 effective, even if it has minor errors or omissions, unless the errors or omissions make
6 the financing statement seriously misleading.

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

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

15 **(4) DEBTOR'S CORRECT NAME.** For purposes of s. 409.508 (2), the "debtor's correct
16 name" in sub. (3) means the correct name of the new debtor.

17 **409.507 Effect of certain events on effectiveness of financing**
18 **statement. (1) DISPOSITION.** A filed financing statement remains effective with
19 respect to collateral that is sold, exchanged, leased, licensed or otherwise disposed
20 of and in which a security interest or agricultural lien continues, even if the secured
21 party knows of or consents to the disposition.

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

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

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

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

9 **409.508 Effectiveness of financing statement if new debtor becomes**
10 **bound by security agreement. (1) FINANCING STATEMENT NAMING ORIGINAL DEBTOR.**

11 Except as otherwise provided in this section, a filed financing statement naming an
12 original debtor is effective to perfect a security interest in collateral in which a new
13 debtor has or acquires rights to the extent that the financing statement would have
14 been effective had the original debtor acquired rights in the collateral.

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

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

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

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

4 **409.509 Persons entitled to file a record. (1) PERSON ENTITLED TO FILE**
5 **RECORD.** A person may file an initial financing statement, amendment that adds
6 collateral covered by a financing statement or amendment that adds a debtor to a
7 financing statement only if:

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

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

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

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

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

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

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

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

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

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

8 **409.510 Effectiveness of filed record.** (1) FILED RECORD EFFECTIVE IF
9 AUTHORIZED. A filed record is effective only to the extent that it was filed by a person
10 that may file it under s. 409.509.

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

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

16 **409.511 Secured party of record.** (1) SECURED PARTY OF RECORD. A secured
17 party of record with respect to a financing statement is a person whose name is
18 provided as the name of the secured party or a representative of the secured party
19 in an initial financing statement that has been filed. If an initial financing statement
20 is filed under s. 409.514 (1), the assignee named in the initial financing statement
21 is the secured party of record with respect to the financing statement.

22 (2) AMENDMENT NAMING SECURED PARTY OF RECORD. If an amendment of a
23 financing statement which provides the name of a person as a secured party or a
24 representative of a secured party is filed, the person named in the amendment is a

1 secured party of record. If an amendment is filed under s. 409.514 (2), the assignee
2 named in the amendment is a secured party of record.

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

6 **409.512 Amendment of financing statement.** (1) AMENDMENT OF
7 INFORMATION IN FINANCING STATEMENT. Subject to s. 409.509, a person may add or
8 delete collateral covered by, continue or terminate the effectiveness of, or, subject to
9 sub. (5), otherwise amend the information provided in, a financing statement by
10 filing an amendment that:

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

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

****NOTE: Alternative B is included in this draft. Alternative A does not have in
paragraph (b) "the date [and time] that the initial financing statement was
filed [or recorded] and".

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

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

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

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

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

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

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

****NOTE: We need the help of the department of financial institutions regarding which alternative to choose.

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

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

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

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

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

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

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

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

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

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

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

23 **(4) EFFECT OF FILING TERMINATION STATEMENT.** Except as otherwise provided in
24 s. 409.510, upon the filing of a termination statement with the filing office, the

1 financing statement to which the termination statement relates ceases to be
2 effective.

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

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

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

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

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

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

22 **409.515 Duration and effectiveness of financing statement; effect of**
23 **lapsed financing statement. (1) FIVE-YEAR EFFECTIVENESS.** Except as otherwise
24 provided in subs. (2), (5), (6) and (7), a filed financing statement is effective for a
25 period of 5 years after the date of filing.

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

6 **(3) LAPSE AND CONTINUATION OF FINANCING STATEMENT.** The effectiveness of a filed
7 financing statement lapses on the expiration of the period of its effectiveness unless
8 before the lapse a continuation statement is filed pursuant to sub. (4). Upon lapse,
9 a financing statement ceases to be effective and any security interest or agricultural
10 lien that was perfected by the financing statement becomes unperfected, unless the
11 security interest is perfected otherwise. If the security interest or agricultural lien
12 becomes unperfected upon lapse, it is deemed never to have been perfected as against
13 a purchaser of the collateral for value.

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

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

1 **(6) TRANSMITTING UTILITY FINANCING STATEMENT.** If a debtor is a transmitting
2 utility and a filed financing statement so indicates, the financing statement is
3 effective until a termination statement is filed.

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

9 **409.516 What constitutes filing; effectiveness of filing.** (1) **WHAT**
10 **CONSTITUTES FILING.** Except as otherwise provided in sub. (2), communication of a
11 record to a filing office and tender of the filing fee or acceptance of the record by the
12 filing office constitutes filing.

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

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

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

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

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

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

22 a. Does not identify the initial financing statement as required by s. 409.512 or
23 409.518, as applicable; or

24 b. Identifies an initial financing statement whose effectiveness has lapsed
25 under s. 409.515;

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

6 4. In the case of a record filed [or recorded] in the filing office described in s.
7 409.501 (1) (a), the record does not provide a sufficient description of the real
8 property to which it relates;

****NOTE: Should the bracketed material be included?

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

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

- 15 1. Provide a mailing address for the debtor;
- 16 2. Indicate whether the debtor is an individual or an organization; or
- 17 3. If the financing statement indicates that the debtor is an organization,
18 provide:
 - 19 a. A type of organization for the debtor;
 - 20 b. A jurisdiction of organization for the debtor; or
 - 21 c. An organizational identification number for the debtor or indicate that the
22 debtor has none;

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

4 (g) In the case of a continuation statement, the record is not filed within the
5 6-month period prescribed by s. 409.515 (4).

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

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

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

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

17 **409.517 Effect of indexing errors.** The failure of the filing office to index a
18 record correctly does not affect the effectiveness of the filed record.

19 **409.518 Claim concerning inaccurate or wrongfully filed record.** (1)
20 CORRECTION STATEMENT. A person may file in the filing office a correction statement
21 with respect to a record indexed there under the person's name if the person believes
22 that the record is inaccurate or was wrongfully filed.

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

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

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

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

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

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

 ****NOTE: Alternative B for sub. (2) is included in this draft. Should the bracketed
material be included?

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

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

14 **409.519 Numbering, maintaining and indexing records;**
15 **communicating information provided in records. (1) FILING OFFICE DUTIES.**

16 For each record filed in a filing office, the filing office shall:

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

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

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

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

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

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

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

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

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

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

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

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

23 (b) To the extent that the law of this state provides for indexing of records of
24 mortgages under the name of the mortgagee, under the name of the secured party

1 as if the secured party were the mortgagee thereunder, or, if indexing is by
2 description, as if the financing statement were a record of a mortgage of the real
3 property described.

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

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

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

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:

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

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

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

****NOTE: Alternative B for sub. (6) is included in this draft.

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

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

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

NCCUSL Legislative Notes:

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

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

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

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

****NOTE: Which bracketed material should be included in this draft?

11 **409.520 Acceptance and refusal to accept record. (1) MANDATORY REFUSAL**
12 **TO ACCEPT RECORD.** A filing office shall refuse to accept a record for filing for a reason
13 set forth in s. 409.516 (2) and may refuse to accept a record for filing only for a reason
14 set forth in s. 409.516 (2).

15 **(2) COMMUNICATION CONCERNING REFUSAL.** If a filing office refuses to accept a
16 record for filing, it shall communicate to the person that presented the record the fact

1 of and reason for the refusal and the date and time the record would have been filed
2 had the filing office accepted it. The communication must be made at the time and
3 in the manner prescribed by filing-office rule but, [in the case of a filing office
4 described in s. 409.501 (1) (b),] in no event more than 2 business days after the filing
5 office receives the record.

****NOTE: NCCUSL Legislative Note: A state that elects not to require
real-property filing offices to comply with sub. (2) should include the bracketed language.

****NOTE: Should the the bracketed material be deleted?

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

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

14 **409.521 Uniform form of written financing statement and amendment.**

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



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 USE ONLY

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	SUFFIX
1c. MAILING ADDRESS			CITY	STATE	POSTAL CODE COUNTRY
1d. TAX ID #, SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any	
					<input type="checkbox"/> NONE

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	SUFFIX
2c. MAILING ADDRESS			CITY	STATE	POSTAL CODE COUNTRY
2d. TAX ID #, SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	
					<input type="checkbox"/> NONE

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	SUFFIX
3c. MAILING ADDRESS			CITY	STATE	POSTAL CODE COUNTRY

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 USE ONLY

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	SUFFIX	
11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
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 <input type="checkbox"/> NONE	

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	SUFFIX	
12c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

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):

17. Check only if applicable and check only one box.
Debtor is a Trust or Trustee acting with respect to property held in trust or Decedent's Estate

18. Check only if applicable and check only one box.
 Debtor is a TRANSMITTING UTILITY
 Filed in connection with a Manufactured Home Transaction effective 30 years
 Filed in connection with a Public Finance Transaction effective 30 years

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):

1

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 ONLY

1a. INITIAL FINANCING STATEMENT FILE #

1b. This FINANCING STATEMENT AMENDMENT IS to be filed (for record) (or recorded) in the REAL 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 Statement.

3. CONTINUATION: Effectiveness Of the Financing Statement identified above with respect to security interest(s) Of the Secured Party authorizing this Continuation Statement 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, and also item 7c; 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	SUFFIX
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7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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7d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID #, if any
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NONE

8. AMENDMENT I (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 by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

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

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

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME, SUFFIX

13. Use this space for additional information

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1 **409.522 Maintenance and destruction of records.**

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:

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

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

 ****NOTE: Should this draft include the bracketed material? Alternative B is
included in this draft.

14 (2) DESTRUCTION OF WRITTEN RECORDS. Except to the extent that a statute
15 governing disposition of public records provides otherwise, the filing office
16 immediately may destroy any written record evidencing a financing statement.
17 However, if the filing office destroys a written record, it shall maintain another
18 record of the financing statement which complies with sub. (1).

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

19 **409.523 Information from filing office; sale or license of records. (1)**

20 ACKNOWLEDGMENT OF FILING WRITTEN RECORD. If a person that files a written record
21 requests an acknowledgment of the filing, the filing office shall send to the person

1 an image of the record showing the number assigned to the record pursuant to s.
2 409.519 (1) (a) and the date and time of the filing of the record. However, if the person
3 furnishes a copy of the record to the filing office, the filing office may instead:

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

6 (b) Send the copy to the person.

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

10 (a) The information in the record;

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

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

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

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

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

****NOTE: Should the bracketed material be deleted?

21 2. Has not lapsed under s. 409.515 with respect to all secured parties of record;

22 and

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

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

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

5 (4) MEDIUM FOR COMMUNICATING INFORMATION. In complying with its duty under
6 sub. (3), the filing office may communicate information in any medium. However, if
7 requested, the filing office shall communicate information by issuing a record that
8 can be admitted into evidence in the courts of this state without extrinsic evidence
9 of its authenticity.

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

14 (6) PUBLIC AVAILABILITY OF RECORDS. At least weekly, the [filing
15 office][department of financial institutions] shall offer to sell or license to the public
16 on a nonexclusive basis, in bulk, copies of all records filed in it under this subchapter,
17 in every medium from time to time available to the [filing office][department of
18 financial institutions].

***NOTE: Which of the bracketed alternatives should be deleted from this draft?

***NOTE: NCCUSL Legislative Notes:

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

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

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. (2), the fee for filing and indexing a record under this subchapter or
9 for responding to a request for information from the filing office, including for
10 communicating whether there is on file any financing statement naming a particular
11 debtor, shall be prescribed by the department of financial institutions by rule.

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

17 **409.526 Filing office rules. (1) ADOPTION OF FILING-OFFICE RULES.** The
18 secretary of financial institutions shall promulgate filing-office rules to implement
19 this chapter. The filing-office rules must be:

20 (a) Consistent with this chapter; and

21 (b) Promulgated in accordance with ch. 227.

22 (2) **HARMONIZATION OF RULES.** To keep the filing-office rules and practices of the
23 filing office in harmony with the rules and practices of filing offices in other
24 jurisdictions that enact substantially this subchapter, and to keep the technology
25 used by the filing office compatible with the technology used by filing offices in other

1 jurisdictions that enact substantially this subchapter, the secretary of financial
2 institutions, so far as is consistent with the purposes, policies and provisions of this
3 chapter, in promulgating filing-office rules, shall:

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

6 (b) Consult the most recent version of the Model Rules promulgated by the
7 International Association of Corporate Administrators or any successor
8 organization; and

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

11 **409.527 Duty to report.** The department of financial institutions shall
12 include in its report under s. 15.04 (1) (d) a report on the operation of the filing office.
13 The report must contain a statement of the extent to which:

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

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

****NOTE: Wisconsin has added to this subject matter. Should it be included in this
draft?

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