

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

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

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

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

8 (a) A commercial tort claim; or

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

11 **409.109 Scope. (1) GENERAL SCOPE OF CHAPTER.** Except as otherwise provided
12 in subs. (3) and (4), this chapter applies to:

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

15 (b) An agricultural lien;

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

17 (d) A consignment;

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

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

21 (2) SECURITY INTEREST IN SECURED OBLIGATION. The application of this chapter
22 to a security interest in a secured obligation is not affected by the fact that the
23 obligation is itself secured by a transaction or interest to which this chapter does not
24 apply.

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (h) A transfer of an interest in or an assignment of a claim under a policy of
4 insurance, other than an assignment by or to a health-care provider of a
5 health-care-insurance receivable and any subsequent assignment of the right to
6 payment, but ss. 409.315 and 409.322 apply with respect to proceeds and priorities
7 in proceeds;

8 (i) An assignment of a right represented by a judgment, other than a judgment
9 taken on a right to payment that was collateral;

10 (j) A right of recoupment or setoff, but:

11 1. Section 409.340 applies with respect to the effectiveness of rights of
12 recoupment or setoff against deposit accounts; and

13 2. Section 409.404 applies with respect to defenses or claims of an account
14 debtor;

15 (k) The creation or transfer of an interest in or lien on real property, including
16 a lease or rents thereunder, except to the extent that provision is made for:

17 1. Liens on real property in ss. 409.203 and 409.308;

18 2. Fixtures in s. 409.334;

19 3. Fixture filings in ss. 409.501, 409.502, 409.512, 409.516, and 409.519; and

20 4. Security agreements covering personal and real property in s. 409.604;

21 (L) An assignment of a claim arising in tort, other than a commercial tort claim,
22 but ss. 409.315 and 409.322 apply with respect to proceeds and priorities in proceeds;
23 or

24 (m) An assignment of a deposit account in a consumer transaction, but ss.
25 409.315 and 409.322 apply with respect to proceeds and priorities in proceeds.

1 controls. Failure to comply with a statute or rule described in sub. (2) has only the
2 effect the statute or rule specifies.

3 (4) FURTHER DEFERENCE TO OTHER APPLICABLE LAW. This chapter does not:

4 (a) Validate any rate, charge, agreement, or practice that violates a rule of law,
5 statute, or rule described in sub. (2); or

6 (b) Extend the application of the rule of law, statute, or rule to a transaction
7 not otherwise subject to the rule of law, statute, or rule.

8 **409.202 Title to collateral immaterial.** Except as otherwise provided with
9 respect to consignments or sales of accounts, chattel paper, payment intangibles, or
10 promissory notes, the provisions of this chapter with regard to rights and obligations
11 apply whether title to collateral is in the secured party or the debtor.

12 **409.203 Attachment and enforceability of security interest; proceeds;
13 supporting obligations; formal requisites.** (1) ATTACHMENT. A security interest
14 attaches to collateral when it becomes enforceable against the debtor with respect
15 to the collateral, unless an agreement expressly postpones the time of attachment.

16 (2) ENFORCEABILITY. Except as otherwise provided in subs. (3) to (9), a security
17 interest is enforceable against the debtor and 3rd parties with respect to the
18 collateral only if:

19 (a) Value has been given;

20 (b) The debtor has rights in the collateral or the power to transfer rights in the
21 collateral to a secured party; and

22 (c) One of the following conditions is met:

23 1. The debtor has authenticated a security agreement that provides a
24 description of the collateral and, if the security interest covers timber to be cut, a
25 description of the land concerned;

1 2. The collateral is not a certificated security and is in the possession of the
2 secured party under s. 409.313 pursuant to the debtor's security agreement;

3 3. The collateral is a certificated security in registered form and the security
4 certificate has been delivered to the secured party under s. 408.301 pursuant to the
5 debtor's security agreement; or

6 4. The collateral is deposit accounts, electronic chattel paper, investment
7 property, or letter-of-credit rights, and the secured party has control under s.
8 409.104, 409.105, 409.106, or 409.107 pursuant to the debtor's security agreement.

9 **(3) OTHER UNIFORM COMMERCIAL CODE PROVISIONS.** Subsection (2) is subject to s.
10 404.210 on the security interest of a collecting bank, s. 405.118 on the security
11 interest of a letter-of-credit issuer or nominated person, s. 409.110 on a security
12 interest arising under ch. 402 or 411, and s. 409.206 on security interests in
13 investment property.

14 **(4) WHEN PERSON BECOMES BOUND BY ANOTHER PERSON'S SECURITY AGREEMENT.** (a)
15 A person becomes bound as debtor by a security agreement entered into by another
16 person if, by operation of law other than this chapter or by contract:

17 1. The security agreement becomes effective to create a security interest in the
18 person's property; or

19 2. The person becomes generally obligated for the obligations of the other
20 person, including the obligation secured under the security agreement, and acquires
21 or succeeds to all or substantially all of the assets of the other person.

22 (b) A security agreement authenticated by one spouse is authenticated by the
23 debtor under this section if that spouse acting alone has the right under s. 766.51 to
24 manage and control the collateral, unless a marital property agreement or court

1 decree that is binding on the secured party under s. 766.55 (4m) or 766.56 (2) (c)
2 provides otherwise.

****NOTE: s. 409.203 (4) (b) is added to carry over the thrust of current s. 409.203
(2) regarding the signature of one spouse relating to marital property.

3 **(5) EFFECT OF NEW DEBTOR BECOMING BOUND.** If a new debtor becomes bound as
4 debtor by a security agreement entered into by another person:

5 (a) The agreement satisfies sub. (2) (c) with respect to existing or
6 after-acquired property of the new debtor to the extent that the property is described
7 in the agreement; and

8 (b) Another agreement is not necessary to make a security interest in the
9 property enforceable.

10 **(6) PROCEEDS AND SUPPORTING OBLIGATIONS.** The attachment of a security
11 interest in collateral gives the secured party the rights to proceeds provided by s.
12 409.315 and is also attachment of a security interest in a supporting obligation for
13 the collateral.

14 **(7) LIEN SECURING RIGHT TO PAYMENT.** The attachment of a security interest in
15 a right to payment or performance secured by a security interest or other lien on
16 personal or real property is also attachment of a security interest in the security
17 interest, mortgage, or other lien.

18 **(8) SECURITY ENTITLEMENT CARRIED IN SECURITIES ACCOUNT.** The attachment of
19 a security interest in a securities account is also attachment of a security interest in
20 the security entitlements carried in the securities account.

21 **(9) COMMODITY CONTRACTS CARRIED IN COMMODITY ACCOUNT.** The attachment of
22 a security interest in a commodity account is also attachment of a security interest
23 in the commodity contracts carried in the commodity account.

1 **409.204 After-acquired property; future advances.** (1) AFTER-ACQUIRED
2 COLLATERAL. Except as otherwise provided in sub. (2), a security agreement may
3 create or provide for a security interest in after-acquired collateral.

4 (2) WHEN AFTER-ACQUIRED PROPERTY CLAUSE NOT EFFECTIVE. A security interest
5 does not attach under a term constituting an after-acquired property clause to:

6 (a) Consumer goods, other than an accession when given as additional security,
7 unless the debtor acquires rights in them within 10 days after the secured party gives
8 value; or

9 (b) A commercial tort claim.

10 (3) FUTURE ADVANCES AND OTHER VALUE. A security agreement may provide that
11 collateral secures, or that accounts, chattel paper, payment intangibles, or
12 promissory notes are sold in connection with, future advances or other value,
13 whether or not the advances or value are given pursuant to commitment.

14 **409.205 Use or disposition of collateral permissible.** (1) WHEN SECURITY
15 INTEREST NOT INVALID OR FRAUDULENT. A security interest is not invalid or fraudulent
16 against creditors solely because:

17 (a) The debtor has the right or ability to:

18 1. Use, commingle, or dispose of all or part of the collateral, including returned
19 or repossessed goods;

20 2. Collect, compromise, enforce, or otherwise deal with collateral;

21 3. Accept the return of collateral or make repossessions; or

22 4. Use, commingle, or dispose of proceeds; or

23 (b) The secured party fails to require the debtor to account for proceeds or
24 replace collateral.

1 (2) REQUIREMENTS OF POSSESSION NOT RELAXED. This section does not relax the
2 requirements of possession if attachment, perfection, or enforcement of a security
3 interest depends upon possession of the collateral by the secured party.

4 **409.206 Security interest arising in purchase or delivery of financial**
5 **asset. (1) SECURITY INTEREST WHEN PERSON BUYS THROUGH SECURITIES INTERMEDIARY.**
6 A security interest in favor of a securities intermediary attaches to a person's
7 security entitlement if:

8 (a) The person buys a financial asset through the securities intermediary in a
9 transaction in which the person is obligated to pay the purchase price to the
10 securities intermediary at the time of the purchase; and

11 (b) The securities intermediary credits the financial asset to the buyer's
12 securities account before the buyer pays the securities intermediary.

13 (2) SECURITY INTEREST SECURES OBLIGATION TO PAY FOR FINANCIAL ASSET. The
14 security interest described in sub. (1) secures the person's obligation to pay for the
15 financial asset.

16 (3) SECURITY INTEREST IN PAYMENT AGAINST DELIVERY TRANSACTION. A security
17 interest in favor of a person that delivers a certificated security or other financial
18 asset represented by a writing attaches to the security or other financial asset if:

19 (a) The security or other financial asset:

20 1. In the ordinary course of business is transferred by delivery with any
21 necessary endorsement or assignment; and

22 2. Is delivered under an agreement between persons in the business of dealing
23 with such securities or financial assets; and

24 (b) The agreement calls for delivery against payment.

1 (4) SECURITY INTEREST SECURES OBLIGATION TO PAY FOR DELIVERY. The security
2 interest described in sub. (3) secures the obligation to make payment for the delivery.

3 **409.207 Rights and duties of secured party having possession or**
4 **control of collateral. (1) DUTY OF CARE WHEN SECURED PARTY IN POSSESSION.** Except
5 as otherwise provided in sub. (4), a secured party shall use reasonable care in the
6 custody and preservation of collateral in the secured party's possession. In the case
7 of chattel paper or an instrument, reasonable care includes taking necessary steps
8 to preserve rights against prior parties unless otherwise agreed.

9 (2) EXPENSES, RISKS, DUTIES, AND RIGHTS WHEN SECURED PARTY IN POSSESSION.
10 Except as otherwise provided in sub. (4), if a secured party has possession of
11 collateral:

12 (a) Reasonable expenses, including the cost of insurance and payment of taxes
13 or other charges, incurred in the custody, preservation, use, or operation of the
14 collateral are chargeable to the debtor and are secured by the collateral;

15 (b) The risk of accidental loss or damage is on the debtor to the extent of a
16 deficiency in any effective insurance coverage;

17 (c) The secured party shall keep the collateral identifiable, but fungible
18 collateral may be commingled; and

19 (d) The secured party may use or operate the collateral:

20 1. For the purpose of preserving the collateral or its value;

21 2. As permitted by an order of a court having competent jurisdiction; or

22 3. Except in the case of consumer goods, in the manner and to the extent agreed
23 by the debtor.

1 **(3) DUTIES AND RIGHTS WHEN SECURED PARTY IN POSSESSION OR CONTROL.** Except
2 as otherwise provided in sub. (4), a secured party having possession of collateral or
3 control of collateral under s. 409.104, 409.105, 409.106, or 409.107:

4 (a) May hold as additional security any proceeds, except money or funds,
5 received from the collateral;

6 (b) Shall apply money or funds received from the collateral to reduce the
7 secured obligation, unless remitted to the debtor; and

8 (c) May create a security interest in the collateral.

9 **(4) BUYER OF CERTAIN RIGHTS TO PAYMENT.** If the secured party is a buyer of
10 accounts, chattel paper, payment intangibles, or promissory notes or a consignor:

11 (a) Subsection (1) does not apply unless the secured party is entitled under an
12 agreement:

13 1. To charge back uncollected collateral; or

14 2. Otherwise to full or limited recourse against the debtor or a secondary obligor
15 based on the nonpayment or other default of an account debtor or other obligor on
16 the collateral; and

17 (b) Subsections (1) and (2) do not apply.

18 **409.208 Additional duties of secured party having control of collateral.**

19 **(1) APPLICABILITY OF SECTION.** This section applies to cases in which there is no
20 outstanding secured obligation and the secured party is not committed to make
21 advances, incur obligations, or otherwise give value.

22 **(2) DUTIES OF SECURED PARTY AFTER RECEIVING DEMAND FROM DEBTOR.** Within 10
23 days after receiving an authenticated demand by the debtor:

24 (a) A secured party having control of a deposit account under s. 409.104 (1) (b)
25 shall send to the bank with which the deposit account is maintained an

1 authenticated statement that releases the bank from any further obligation to
2 comply with instructions originated by the secured party;

3 (b) A secured party having control of a deposit account under s. 409.104 (1) (c)
4 shall:

- 5 1. Pay the debtor the balance on deposit in the deposit account; or
- 6 2. Transfer the balance on deposit into a deposit account in the debtor's name;

7 (c) A secured party, other than a buyer, having control of electronic chattel
8 paper under s. 409.105 shall:

9 1. Communicate the authoritative copy of the electronic chattel paper to the
10 debtor or its designated custodian;

11 2. If the debtor designates a custodian that is the designated custodian with
12 which the authoritative copy of the electronic chattel paper is maintained for the
13 secured party, communicate to the custodian an authenticated record releasing the
14 designated custodian from any further obligation to comply with instructions
15 originated by the secured party and instructing the custodian to comply with
16 instructions originated by the debtor; and

17 3. Take appropriate action to enable the debtor or its designated custodian to
18 make copies of or revisions to the authoritative copy which add or change an
19 identified assignee of the authoritative copy without the consent of the secured party;

20 (d) A secured party having control of investment property under s. 408.106 (4)
21 (b) or 409.106 (2) shall send to the securities intermediary or commodity
22 intermediary with which the security entitlement or commodity contract is
23 maintained an authenticated record that releases the securities intermediary or
24 commodity intermediary from any further obligation to comply with entitlement
25 orders or directions originated by the secured party; and

1 (e) A secured party having control of a letter-of-credit right under s. 409.107
2 shall send to each person having an unfulfilled obligation to pay or deliver proceeds
3 of the letter of credit to the secured party an authenticated release from any further
4 obligation to pay or deliver proceeds of the letter of credit to the secured party.

5 **409.209 Duties of secured party if account debtor has been notified of**
6 **assignment. (1) APPLICABILITY OF SECTION.** Except as otherwise provided in sub. (3),
7 this section applies if:

8 (a) There is no outstanding secured obligation; and

9 (b) The secured party is not committed to make advances, incur obligations, or
10 otherwise give value.

11 **(2) DUTIES OF SECURED PARTY AFTER RECEIVING DEMAND FROM DEBTOR.** Within 10
12 days after receiving an authenticated demand by the debtor, a secured party shall
13 send to an account debtor that has received notification of an assignment to the
14 secured party as assignee under s. 409.406 (1) an authenticated record that releases
15 the account debtor from any further obligation to the secured party.

16 **(3) INAPPLICABILITY TO SALES.** This section does not apply to an assignment
17 constituting the sale of an account, chattel paper, or payment intangible.

18 **409.210 Request for accounting; request regarding list of collateral or**
19 **statement of account. (1) DEFINITIONS.** In this section:

20 (a) “Request” means a record of a type described in par. (b), (c), or (d).

21 (b) “Request for an accounting” means a record authenticated by a debtor
22 requesting that the recipient provide an accounting of the unpaid obligations secured
23 by collateral and reasonably identifying the transaction or relationship that is the
24 subject of the request.

1 (c) “Request regarding a list of collateral” means a record authenticated by a
2 debtor requesting that the recipient approve or correct a list of what the debtor
3 believes to be the collateral securing an obligation and reasonably identifying the
4 transaction or relationship that is the subject of the request.

5 (d) “Request regarding a statement of account” means a record authenticated
6 by a debtor requesting that the recipient approve or correct a statement indicating
7 what the debtor believes to be the aggregate amount of unpaid obligations secured
8 by collateral as of a specified date and reasonably identifying the transaction or
9 relationship that is the subject of the request.

10 **(2) DUTY TO RESPOND TO REQUESTS.** Subject to subs. (3) to (6), a secured party,
11 other than a buyer of accounts, chattel paper, payment intangibles, or promissory
12 notes or a consignor, shall comply with a request within 14 days after receipt:

13 (a) In the case of a request for an accounting, by authenticating and sending
14 to the debtor an accounting; and

15 (b) In the case of a request regarding a list of collateral or a request regarding
16 a statement of account, by authenticating and sending to the debtor an approval or
17 correction.

18 **(3) REQUEST REGARDING LIST OF COLLATERAL; STATEMENT CONCERNING TYPE OF**
19 **COLLATERAL.** A secured party that claims a security interest in all of a particular type
20 of collateral owned by the debtor may comply with a request regarding a list of
21 collateral by sending to the debtor an authenticated record including a statement to
22 that effect within 14 days after receipt.

23 **(4) REQUEST REGARDING LIST OF COLLATERAL; NO INTEREST CLAIMED.** A person that
24 receives a request regarding a list of collateral, claims no interest in the collateral
25 when it receives the request, and claimed an interest in the collateral at an earlier

1 time shall comply with the request within 14 days after receipt by sending to the
2 debtor an authenticated record:

3 (a) Disclaiming any interest in the collateral; and

4 (b) If known to the recipient, providing the name and mailing address of any
5 assignee of or successor to the recipient's interest in the collateral.

6 (5) REQUEST FOR ACCOUNTING OR REGARDING STATEMENT OF ACCOUNT, NO INTEREST
7 IN OBLIGATION CLAIMED. A person that receives a request for an accounting or a request
8 regarding a statement of account, claims no interest in the obligations when it
9 receives the request, and claimed an interest in the obligations at an earlier time
10 shall comply with the request within 14 days after receipt by sending to the debtor
11 an authenticated record:

12 (a) Disclaiming any interest in the obligations; and

13 (b) If known to the recipient, providing the name and mailing address of any
14 assignee of or successor to the recipient's interest in the obligations.

15 (6) CHARGES FOR RESPONSES. A debtor is entitled without charge to one response
16 to a request under this section during any 6-month period. The secured party may
17 require payment of a charge not exceeding \$25 for each additional response.

18 SUBCHAPTER III

19 PERFECTION AND PRIORITY

20 **409.301 Law governing perfection and priority of security interests.**

21 Except as otherwise provided in ss. 409.303 to 409.306, the following rules determine
22 the law governing perfection, the effect of perfection or nonperfection, and the
23 priority of a security interest in collateral:

24 (1) LOCATION OF DEBTOR. Except as otherwise provided in this section, while a
25 debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection,

1 the effect of perfection or nonperfection, and the priority of a security interest in
2 collateral.

3 (2) LOCATION OF COLLATERAL. While collateral is located in a jurisdiction, the
4 local law of that jurisdiction governs perfection, the effect of perfection or
5 nonperfection, and the priority of a possessory security interest in that collateral.

6 (3) LOCATION OF PROPERTY. Except as otherwise provided in sub. (4), while
7 negotiable documents, goods, instruments, money, or tangible chattel paper is
8 located in a jurisdiction, the local law of that jurisdiction governs:

9 (a) Perfection of a security interest in the goods by filing a fixture filing;

10 (b) Perfection of a security interest in timber to be cut; and

11 (c) The effect of perfection or nonperfection and the priority of a nonpossessory
12 security interest in the collateral.

13 (4) LOCATION OF WELLHEAD OR MINEHEAD. The local law of the jurisdiction in
14 which the wellhead or minehead is located governs perfection, the effect of perfection
15 or nonperfection, and the priority of a security interest in as-extracted collateral.

16 **409.302 Law governing perfection and priority of agricultural liens.**

17 While farm products are located in a jurisdiction, the local law of that jurisdiction
18 governs perfection, the effect of perfection or nonperfection, and the priority of an
19 agricultural lien on the farm products.

20 **409.303 Law governing perfection and priority of security interests in**

21 **goods covered by a certificate of title. (1) APPLICABILITY OF SECTION.** This section
22 applies to goods covered by a certificate of title, even if there is no other relationship
23 between the jurisdiction under whose certificate of title the goods are covered and the
24 goods or the debtor.

1 **(2) WHEN GOODS COVERED BY CERTIFICATE OF TITLE.** Goods become covered by a
2 certificate of title when a valid application for the certificate of title and the
3 applicable fee are delivered to the appropriate authority. Goods cease to be covered
4 by a certificate of title at the earlier of the time the certificate of title ceases to be
5 effective under the law of the issuing jurisdiction or the time the goods become
6 covered subsequently by a certificate of title issued by another jurisdiction.

7 **(3) APPLICABLE LAW.** The local law of the jurisdiction under whose certificate of
8 title the goods are covered governs perfection, the effect of perfection or
9 nonperfection, and the priority of a security interest in goods covered by a certificate
10 of title from the time the goods become covered by the certificate of title until the
11 goods cease to be covered by the certificate of title.

12 **409.304 Law governing perfection and priority of security interests in**
13 **deposit accounts. (1) LAW OF BANK'S JURISDICTION GOVERNS.** The local law of a bank's
14 jurisdiction governs perfection, the effect of perfection or nonperfection, and the
15 priority of a security interest in a deposit account maintained with that bank.

16 **(2) BANK'S JURISDICTION.** The following rules determine a bank's jurisdiction for
17 purposes of this subchapter:

18 (a) If an agreement between the bank and the debtor governing the deposit
19 account expressly provides that a particular jurisdiction is the bank's jurisdiction for
20 purposes of this subchapter, this chapter, or chs. 401 to 411, that jurisdiction is the
21 bank's jurisdiction.

22 (b) If par. (a) does not apply and an agreement between the bank and its
23 customer governing the deposit account expressly provides that the agreement is
24 governed by the law of a particular jurisdiction, that jurisdiction is the bank's
25 jurisdiction.

1 (c) If neither par. (a) nor par. (b) applies and an agreement between the bank
2 and its customer governing the deposit account expressly provides that the deposit
3 account is maintained at an office in a particular jurisdiction, that jurisdiction is the
4 bank's jurisdiction.

5 (d) If none of pars. (a) to (c) applies, the bank's jurisdiction is the jurisdiction
6 in which the office identified in an account statement as the office serving the
7 customer's account is located.

8 (e) If none of pars. (a) to (d) applies, the bank's jurisdiction is the jurisdiction
9 in which the chief executive office of the bank is located.

10 **409.305 Law governing perfection and priority of security interests in**
11 **investment property. (1) GOVERNING LAW: GENERAL RULES.** Except as otherwise
12 provided in sub. (3), the following rules apply:

13 (a) While a security certificate is located in a jurisdiction, the local law of that
14 jurisdiction governs perfection, the effect of perfection or nonperfection, and the
15 priority of a security interest in the certificated security represented thereby.

16 (b) The local law of the issuer's jurisdiction as specified in s. 408.110 (4) governs
17 perfection, the effect of perfection or nonperfection, and the priority of a security
18 interest in an uncertificated security.

19 (c) The local law of the securities intermediary's jurisdiction as specified in s.
20 408.110 (5) governs perfection, the effect of perfection or nonperfection, and the
21 priority of a security interest in a security entitlement or securities account.

22 (d) The local law of the commodity intermediary's jurisdiction governs
23 perfection, the effect of perfection or nonperfection, and the priority of a security
24 interest in a commodity contract or commodity account.

1 **(2) COMMODITY INTERMEDIARY'S JURISDICTION.** The following rules determine a
2 commodity intermediary's jurisdiction for purposes of this subchapter:

3 (a) If an agreement between the commodity intermediary and commodity
4 customer governing the commodity account expressly provides that a particular
5 jurisdiction is the commodity intermediary's jurisdiction for purposes of this
6 subchapter, this chapter, or chs. 401 to 411, that jurisdiction is the commodity
7 intermediary's jurisdiction.

8 (b) If par. (a) does not apply and an agreement between the commodity
9 intermediary and commodity customer governing the commodity account expressly
10 provides that the agreement is governed by the law of a particular jurisdiction, that
11 jurisdiction is the commodity intermediary's jurisdiction.

12 (c) If neither par. (a) nor par. (b) applies and an agreement between the
13 commodity intermediary and commodity customer governing the commodity
14 account expressly provides that the commodity account is maintained at an office in
15 a particular jurisdiction, that jurisdiction is the commodity intermediary's
16 jurisdiction.

17 (d) If none of pars. (a) to (c) applies, the commodity intermediary's jurisdiction
18 is the jurisdiction in which the office identified in an account statement as the office
19 serving the commodity customer's account is located.

20 (e) If none of pars. (a) to (d) applies, the commodity intermediary's jurisdiction
21 is the jurisdiction in which the chief executive office of the commodity intermediary
22 is located.

23 **(3) WHEN PERFECTION GOVERNED BY LAW OF JURISDICTION WHERE DEBTOR LOCATED.**
24 The local law of the jurisdiction in which the debtor is located governs:

25 (a) Perfection of a security interest in investment property by filing;

1 (b) Automatic perfection of a security interest in investment property created
2 by a broker or securities intermediary; and

3 (c) Automatic perfection of a security interest in a commodity contract or
4 commodity account created by a commodity intermediary.

5 **409.306 Law governing perfection and priority of security interests in**
6 **letter-of-credit rights.** (1) GOVERNING LAW: ISSUER'S OR NOMINATED PERSON'S
7 JURISDICTION. Subject to sub. (3), the local law of the issuer's jurisdiction or a
8 nominated person's jurisdiction governs perfection, the effect of perfection or
9 nonperfection, and the priority of a security interest in a letter-of-credit right if the
10 issuer's jurisdiction or nominated person's jurisdiction is a state.

11 (2) ISSUER'S OR NOMINATED PERSON'S JURISDICTION. For purposes of this
12 subchapter, an issuer's jurisdiction or nominated person's jurisdiction is the
13 jurisdiction whose law governs the liability of the issuer or nominated person with
14 respect to the letter-of-credit right as provided in ch. 405.

15 (3) WHEN SECTION NOT APPLICABLE. This section does not apply to a security
16 interest that is perfected only under s. 409.308 (4).

17 **409.307 Location of debtor.** (1) PLACE OF BUSINESS. In this section, "place
18 of business" means a place where a debtor conducts its affairs.

19 (2) DEBTOR'S LOCATION: GENERAL RULES. Except as otherwise provided in this
20 section, the following rules determine a debtor's location:

21 (a) A debtor who is an individual is located at the individual's principal
22 residence.

23 (b) A debtor that is an organization and has only one place of business is located
24 at its place of business.

1 (c) A debtor that is an organization and has more than one place of business
2 is located at its chief executive office.

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

10 (4) CONTINUATION OF LOCATION: CESSATION OF EXISTENCE. A person that ceases
11 to exist, have a residence, or have a place of business continues to be located in the
12 jurisdiction specified by subs. (2) and (3).

13 (5) LOCATION OF REGISTERED ORGANIZATION ORGANIZED UNDER STATE LAW. A
14 registered organization that is organized under the law of a state is located in that
15 state.

16 (6) LOCATION OF REGISTERED ORGANIZATION ORGANIZED UNDER FEDERAL LAW; BANK
17 BRANCHES AND AGENCIES. Except as otherwise provided in sub. (9), a registered
18 organization that is organized under the law of the United States and a branch or
19 agency of a bank that is not organized under the law of the United States or a state
20 are located:

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

23 (b) In the state that the registered organization, branch, or agency designates,
24 if the law of the United States authorizes the registered organization, branch, or
25 agency to designate its state of location; or

1 (c) In the District of Columbia, if neither par. (a) nor par. (b) applies.

2 (7) CONTINUATION OF LOCATION: CHANGE IN STATUS OF REGISTERED ORGANIZATION.

3 A registered organization continues to be located in the jurisdiction specified by sub.

4 (5) or (6) notwithstanding:

5 (a) The suspension, revocation, forfeiture, or lapse of the registered
6 organization's status as such in its jurisdiction of organization; or

7 (b) The dissolution, winding up, or cancellation of the existence of the
8 registered organization.

9 (8) LOCATION OF UNITED STATES. The United States is located in the District of
10 Columbia.

11 (9) LOCATION OF FOREIGN BANK BRANCH OR AGENCY IF LICENSED IN ONLY ONE STATE.

12 A branch or agency of a bank that is not organized under the law of the United States
13 or a state is located in the state in which the branch or agency is licensed, if all
14 branches and agencies of the bank are licensed in only one state.

15 (10) LOCATION OF FOREIGN AIR CARRIER. A foreign air carrier under the Federal
16 Aviation Act of 1958, as amended, is located at the designated office of the agent upon
17 which service of process may be made on behalf of the carrier.

18 (11) SECTION APPLIES ONLY TO THIS SUBCHAPTER. This section applies only for
19 purposes of this subchapter.

20 **409.308 When security interest or agricultural lien is perfected;**

21 **continuity of perfection.** (1) PERFECTION OF SECURITY INTEREST. Except as
22 otherwise provided in this section and s. 409.309, a security interest is perfected if
23 it has attached and all of the applicable requirements for perfection in ss. 409.310
24 to 409.316 have been satisfied. A security interest is perfected when it attaches if
25 the applicable requirements are satisfied before the security interest attaches.

1 (2) PERFECTION OF AGRICULTURAL LIEN. An agricultural lien is perfected if it has
2 become effective and all of the applicable requirements for perfection in s. 409.310
3 have been satisfied. An agricultural lien is perfected when it becomes effective if the
4 applicable requirements are satisfied before the agricultural lien becomes effective.

5 (3) CONTINUOUS PERFECTION; PERFECTION BY DIFFERENT METHODS. A security
6 interest or agricultural lien is perfected continuously if it is originally perfected by
7 one method under this chapter and is later perfected by another method under this
8 chapter, without an intermediate period when it was unperfected.

9 (4) SUPPORTING OBLIGATION. Perfection of a security interest in collateral also
10 perfects a security interest in a supporting obligation for the collateral.

11 (5) LIEN SECURING RIGHT TO PAYMENT. Perfection of a security interest in a right
12 to payment or performance also perfects a security interest in a security interest,
13 mortgage, or other lien on personal or real property securing the right.

14 (6) SECURITY ENTITLEMENT CARRIED IN SECURITIES ACCOUNT. Perfection of a
15 security interest in a securities account also perfects a security interest in the
16 security entitlements carried in the securities account.

17 (7) COMMODITY CONTRACT CARRIED IN COMMODITY ACCOUNT. Perfection of a
18 security interest in a commodity account also perfects a security interest in the
19 commodity contracts carried in the commodity account.

20 **409.309 Security interest perfected upon attachment.** The following
21 security interests are perfected when they attach:

22 (1) A purchase-money security interest in consumer goods, except as otherwise
23 provided in s. 409.311 (2) with respect to consumer goods that are subject to a statute
24 or treaty described in s. 409.311 (1);

1 (2) An assignment of accounts or payment intangibles which does not by itself
2 or in conjunction with other assignments to the same assignee transfer a significant
3 part of the assignor's outstanding accounts or payment intangibles;

4 (3) A sale of a payment intangible;

5 (4) A sale of a promissory note;

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

8 (6) A security interest arising under s. 402.401, 402.505, 402.711 (3), or 411.508
9 (5), until the debtor obtains possession of the collateral;

10 (7) A security interest of a collecting bank arising under s. 404.210;

11 (8) A security interest of an issuer or nominated person arising under s.
12 405.118;

13 (9) A security interest arising in the delivery of a financial asset under s.
14 409.206 (3);

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

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

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

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

23 **409.310 When filing required to perfect security interest or**
24 **agricultural lien; security interests and agricultural liens to which filing**
25 **provisions do not apply. (1) GENERAL RULE: PERFECTION BY FILING. Except as**

1 otherwise provided in sub. (2) and s. 409.312 (2), a financing statement must be filed
2 to perfect all security interests and agricultural liens.

3 (2) EXCEPTIONS: FILING NOT NECESSARY. The filing of a financing statement is
4 not necessary to perfect a security interest:

5 (a) That is perfected under s. 409.308 (4), (5), (6), or (7);

6 (b) That is perfected under s. 409.309 when it attaches;

7 (c) In property subject to a statute, regulation, or treaty described in s. 409.311
8 (1);

9 (d) In goods in possession of a bailee which is perfected under s. 409.312 (4) (a)
10 or (b);

11 (e) In certificated securities, documents, goods, or instruments which is
12 perfected without filing or possession under s. 409.312 (5), (6), or (7);

13 (f) In collateral in the secured party's possession under s. 409.313;

14 (g) In a certificated security which is perfected by delivery of the security
15 certificate to the secured party under s. 409.313;

16 (h) In deposit accounts, electronic chattel paper, investment property, or
17 letter-of-credit rights which is perfected by control under s. 409.314;

18 (i) In proceeds which is perfected under s. 409.315; or

19 (j) That is perfected under s. 409.316.

20 (3) ASSIGNMENT OF PERFECTED SECURITY INTEREST. If a secured party assigns a
21 perfected security interest or agricultural lien, a filing under this chapter is not
22 required to continue the perfected status of the security interest against creditors of
23 and transferees from the original debtor.

24 **409.311 Perfection of security interests in property subject to certain**
25 **statutes, regulations, and treaties. (1) SECURITY INTEREST SUBJECT TO OTHER LAW.**

1 Except as otherwise provided in sub. (4), the filing of a financing statement is not
2 necessary or effective to perfect a security interest in property subject to:

3 (a) A statute, regulation, or treaty of the United States whose requirements for
4 a security interest's obtaining priority over the rights of a lien creditor with respect
5 to the property preempt s. 409.310 (1).

6 (b) The following vehicle title statutes: ss. 342.19 and 342.20.

7 (bm) The following boat title statutes: ss. 30.57, 30.572, and 30.573.

8 (c) A certificate-of-title statute of another jurisdiction which provides for a
9 security interest to be indicated on the certificate as a condition or result of the
10 security interest's obtaining priority over the rights of a lien creditor with respect to
11 the property.

12 (d) Sections 182.025 and 190.11 and other statutes providing for central filing.

13 (e) A master lease entered into by the state under s. 16.76 (4).

14 (f) The manufactured home security interest provisions under subch. V of ch.
15 101.

****NOTE: s. 409.311 (1) (bm) is added to carry over current s. 409.302 (3) (bm)
regarding boat titling like car titling; s. 409.311 (1) (d) is added to carry over current s.
409.302 (3) (d) regarding certain central filing provisions; s. 409.311 (1) (e) is added to
carry over current ss. 16.74 (4) and 409.302 (3) (e) regarding master leases by the state;
and s. 409.311 (1) (f) is added to carry over current s. 409.302 (3) (f) regarding mobile home
titling like car titling.

16 **(2) COMPLIANCE WITH OTHER LAW.** Compliance with the requirements of a
17 statute, regulation, or treaty described in sub. (1) for obtaining priority over the
18 rights of a lien creditor is equivalent to the filing of a financing statement under this
19 chapter. Except as otherwise provided in sub. (4) and ss. 409.313 and 409.316 (4) and
20 (5) for goods covered by a certificate of title, a security interest in property subject
21 to a statute, regulation, or treaty described in sub. (1) may be perfected only by
22 compliance with those requirements, and a security interest so perfected remains

1 perfected notwithstanding a change in the use or transfer of possession of the
2 collateral.

3 (3) DURATION AND RENEWAL OF PERFECTION. Except as otherwise provided in sub.
4 (4) and s. 409.316 (4) and (5), duration and renewal of perfection of a security interest
5 perfected by compliance with the requirements prescribed by a statute, regulation,
6 or treaty described in sub. (1) are governed by the statute, regulation, or treaty. In
7 other respects, the security interest is subject to this chapter.

8 (4) INAPPLICABILITY TO CERTAIN INVENTORY. During any period in which collateral
9 subject to a statute specified in sub. (1) (b), (bm), or (f) is inventory held for sale or
10 lease by a person or leased by that person as lessor and that person is in the business
11 of selling goods of that kind, this section does not apply to a security interest in that
12 collateral created by that person.

13 **409.312 Perfection of security interests in chattel paper, deposit**
14 **accounts, documents, goods covered by documents, instruments,**
15 **investment property, letter-of-credit rights, and money; perfection by**
16 **permissive filing; temporary perfection without filing or transfer of**
17 **possession. (1) PERFECTION BY FILING PERMITTED.** A security interest in chattel
18 paper, negotiable documents, instruments, or investment property may be perfected
19 by filing.

20 (2) CONTROL OR POSSESSION OF CERTAIN COLLATERAL. Except as otherwise
21 provided in s. 409.315 (3) and (4) for proceeds:

22 (a) A security interest in a deposit account may be perfected only by control
23 under s. 409.314;

24 (b) And except as otherwise provided in s. 409.308 (4), a security interest in a
25 letter-of-credit right may be perfected only by control under s. 409.314; and

1 (c) A security interest in money may be perfected only by the secured party's
2 taking possession under s. 409.313.

3 **(3) GOODS COVERED BY NEGOTIABLE DOCUMENT.** While goods are in the possession
4 of a bailee that has issued a negotiable document covering the goods:

5 (a) A security interest in the goods may be perfected by perfecting a security
6 interest in the document; and

7 (b) A security interest perfected in the document has priority over any security
8 interest that becomes perfected in the goods by another method during that time.

9 **(4) GOODS COVERED BY NONNEGOTIABLE DOCUMENT.** While goods are in the
10 possession of a bailee that has issued a nonnegotiable document covering the goods,
11 a security interest in the goods may be perfected by:

12 (a) Issuance of a document in the name of the secured party;

13 (b) The bailee's receipt of notification of the secured party's interest; or

14 (c) Filing as to the goods.

15 **(5) TEMPORARY PERFECTION: NEW VALUE.** A security interest in certificated
16 securities, negotiable documents, or instruments is perfected without filing or the
17 taking of possession for a period of 20 days from the time it attaches to the extent that
18 it arises for new value given under an authenticated security agreement.

19 **(6) TEMPORARY PERFECTION: GOODS OR DOCUMENTS MADE AVAILABLE TO DEBTOR.** A
20 perfected security interest in a negotiable document or goods in possession of a
21 bailee, other than one that has issued a negotiable document for the goods, remains
22 perfected for 20 days without filing if the secured party makes available to the debtor
23 the goods or documents representing the goods for the purpose of:

24 (a) Ultimate sale or exchange; or

1 (b) Loading, unloading, storing, shipping, transshipping, manufacturing,
2 processing, or otherwise dealing with them in a manner preliminary to their sale or
3 exchange.

4 **(7) TEMPORARY PERFECTION: DELIVERY OF SECURITY CERTIFICATE OR INSTRUMENT TO**
5 **DEBTOR.** A perfected security interest in a certificated security or instrument remains
6 perfected for 20 days without filing if the secured party delivers the security
7 certificate or instrument to the debtor for the purpose of:

8 (a) Ultimate sale or exchange; or

9 (b) Presentation, collection, enforcement, renewal, or registration of transfer.

10 **(8) EXPIRATION OF TEMPORARY PERFECTION.** After the 20–day period specified in
11 sub. (5), (6), or (7) expires, perfection depends upon compliance with this chapter.

12 **409.313 When possession by or delivery to secured party perfects**
13 **security interest without filing. (1) PERFECTION BY POSSESSION OR DELIVERY.**
14 Except as otherwise provided in sub. (2), a secured party may perfect a security
15 interest in negotiable documents, goods, instruments, money, or tangible chattel
16 paper by taking possession of the collateral. A secured party may perfect a security
17 interest in certificated securities by taking delivery of the certificated securities
18 under s. 408.301.

19 **(2) GOODS COVERED BY CERTIFICATE OF TITLE.** With respect to goods covered by
20 a certificate of title issued by this state, a secured party may perfect a security
21 interest in the goods by taking possession of the goods only in the circumstances
22 described in s. 409.316 (4).

23 **(3) COLLATERAL IN POSSESSION OF PERSON OTHER THAN DEBTOR.** With respect to
24 collateral other than certificated securities and goods covered by a document, a
25 secured party takes possession of collateral in the possession of a person other than

1 the debtor, the secured party, or a lessee of the collateral from the debtor in the
2 ordinary course of the debtor's business, when:

3 (a) The person in possession authenticates a record acknowledging that the
4 person holds possession of the collateral for the secured party's benefit; or

5 (b) The person takes possession of the collateral after having authenticated a
6 record acknowledging that the person will hold possession of collateral for the
7 secured party's benefit.

8 (4) TIME OF PERFECTION BY POSSESSION; CONTINUATION OF PERFECTION. If
9 perfection of a security interest depends upon possession of the collateral by a
10 secured party, perfection occurs no earlier than the time the secured party takes
11 possession and continues only while the secured party retains possession.

12 (5) TIME OF PERFECTION BY DELIVERY; CONTINUATION OF PERFECTION. A security
13 interest in a certificated security in registered form is perfected by delivery when
14 delivery of the certificated security occurs under s. 408.301 and remains perfected
15 by delivery until the debtor obtains possession of the security certificate.

16 (6) ACKNOWLEDGMENT NOT REQUIRED. A person in possession of collateral is not
17 required to acknowledge that it holds possession for a secured party's benefit.

18 (7) EFFECTIVENESS OF ACKNOWLEDGMENT; NO DUTIES OR CONFIRMATION. If a person
19 acknowledges that it holds possession for the secured party's benefit:

20 (a) The acknowledgment is effective under sub. (3) or s. 408.301 (1), even if the
21 acknowledgment violates the rights of a debtor; and

22 (b) Unless the person otherwise agrees or law other than this chapter otherwise
23 provides, the person does not owe any duty to the secured party and is not required
24 to confirm the acknowledgment to another person.

1 **(8) SECURED PARTY'S DELIVERY TO PERSON OTHER THAN DEBTOR.** A secured party
2 having possession of collateral does not relinquish possession by delivering the
3 collateral to a person other than the debtor or a lessee of the collateral from the debtor
4 in the ordinary course of the debtor's business if the person was instructed before the
5 delivery or is instructed contemporaneously with the delivery:

6 (a) To hold possession of the collateral for the secured party's benefit; or

7 (b) To redeliver the collateral to the secured party.

8 **(9) EFFECT OF DELIVERY UNDER SUB. (8); NO DUTIES OR CONFIRMATION.** A secured
9 party does not relinquish possession, even if a delivery under sub. (8) violates the
10 rights of a debtor. A person to which collateral is delivered under sub. (8) does not
11 owe any duty to the secured party and is not required to confirm the delivery to
12 another person unless the person otherwise agrees or law other than this chapter
13 otherwise provides.

14 **409.314 Perfection by control. (1) PERFECTION BY CONTROL.** A security
15 interest in investment property, deposit accounts, letter-of-credit rights, or
16 electronic chattel paper may be perfected by control of the collateral under s. 409.104,
17 409.105, 409.106, or 409.107.

18 **(2) SPECIFIED COLLATERAL: TIME OF PERFECTION BY CONTROL; CONTINUATION OF**
19 **PERFECTION.** A security interest in deposit accounts, electronic chattel paper, or
20 letter-of-credit rights is perfected by control under s. 409.104, 409.105, or 409.107
21 when the secured party obtains control and remains perfected by control only while
22 the secured party retains control.

23 **(3) INVESTMENT PROPERTY: TIME OF PERFECTION BY CONTROL; CONTINUATION OF**
24 **PERFECTION.** A security interest in investment property is perfected by control under

1 s. 409.106 from the time the secured party obtains control and remains perfected by
2 control until:

3 (a) The secured party does not have control; and

4 (b) One of the following occurs:

5 1. If the collateral is a certificated security, the debtor has or acquires
6 possession of the security certificate;

7 2. If the collateral is an uncertificated security, the issuer has registered or
8 registers the debtor as the registered owner; or

9 3. If the collateral is a security entitlement, the debtor is or becomes the
10 entitlement holder.

11 **409.315 Secured party's rights on disposition of collateral and in**
12 **proceeds. (1) DISPOSITION OF COLLATERAL: CONTINUATION OF SECURITY INTEREST OR**
13 **AGRICULTURAL LIEN; PROCEEDS. Except as otherwise provided in this chapter and in s.**
14 **402.403 (2):**

15 (a) A security interest or agricultural lien continues in collateral
16 notwithstanding sale, lease, license, exchange, or other disposition thereof unless
17 the secured party authorized the disposition free of the security interest or
18 agricultural lien; and

19 (b) A security interest attaches to any identifiable proceeds of collateral.

20 **(2) WHEN COMMINGLED PROCEEDS IDENTIFIABLE.** Proceeds that are commingled
21 with other property are identifiable proceeds:

22 (a) If the proceeds are goods, to the extent provided by s. 409.336; and

23 (b) If the proceeds are not goods, to the extent that the secured party identifies
24 the proceeds by a method of tracing, including application of equitable principles,

1 that is permitted under law other than this chapter with respect to commingled
2 property of the type involved.

3 (3) PERFECTION OF SECURITY INTEREST IN PROCEEDS. A security interest in
4 proceeds is a perfected security interest if the security interest in the original
5 collateral was perfected.

6 (4) CONTINUATION OF PERFECTION. A perfected security interest in proceeds
7 becomes unperfected on the 21st day after the security interest attaches to the
8 proceeds unless:

9 (a) The following conditions are satisfied:

10 1. A filed financing statement covers the original collateral;

11 2. The proceeds are collateral in which a security interest may be perfected by
12 filing in the office in which the financing statement has been filed; and

13 3. The proceeds are not acquired with cash proceeds;

14 (b) The proceeds are identifiable cash proceeds; or

15 (c) The security interest in the proceeds is perfected other than under sub. (3)
16 when the security interest attaches to the proceeds or within 20 days thereafter.

17 (5) WHEN PERFECTED SECURITY INTEREST IN PROCEEDS BECOMES UNPERFECTED. If
18 a filed financing statement covers the original collateral, a security interest in
19 proceeds which remains perfected under sub. (4) (a) becomes unperfected at the later
20 of:

21 (a) When the effectiveness of the filed financing statement lapses under s.
22 409.515 or is terminated under s. 409.513; or

23 (b) The 21st day after the security interest attaches to the proceeds.

24 **409.316 Continued perfection of security interest following change in**
25 **governing law. (1) GENERAL RULE: EFFECT ON PERFECTION OF CHANGE IN GOVERNING**

1 LAW. A security interest perfected pursuant to the law of the jurisdiction designated
2 in s. 409.301 (1) or 409.305 (3) remains perfected until the earliest of:

3 (a) The time perfection would have ceased under the law of that jurisdiction;

4 (b) The expiration of 4 months after a change of the debtor's location to another
5 jurisdiction; or

6 (c) The expiration of one year after a transfer of collateral to a person that
7 thereby becomes a debtor and is located in another jurisdiction.

8 **(2) SECURITY INTEREST PERFECTED OR UNPERFECTED UNDER LAW OF NEW**
9 **JURISDICTION.** If a security interest described in sub. (1) becomes perfected under the
10 law of the other jurisdiction before the earliest time or event described in that
11 subsection, it remains perfected thereafter. If the security interest does not become
12 perfected under the law of the other jurisdiction before the earliest time or event, it
13 becomes unperfected and is deemed never to have been perfected as against a
14 purchaser of the collateral for value.

15 **(3) POSSESSORY SECURITY INTEREST IN COLLATERAL MOVED TO NEW JURISDICTION.**
16 A possessory security interest in collateral, other than goods covered by a certificate
17 of title and as-extracted collateral consisting of goods, remains continuously
18 perfected if:

19 (a) The collateral is located in one jurisdiction and subject to a security interest
20 perfected under the law of that jurisdiction;

21 (b) Thereafter the collateral is brought into another jurisdiction; and

22 (c) Upon entry into the other jurisdiction, the security interest is perfected
23 under the law of the other jurisdiction.

24 **(4) GOODS COVERED BY CERTIFICATE OF TITLE FROM THIS STATE.** Except as otherwise
25 provided in sub. (5), a security interest in goods covered by a certificate of title which

1 is perfected by any method under the law of another jurisdiction when the goods
2 become covered by a certificate of title from this state remains perfected until the
3 security interest would have become unperfected under the law of the other
4 jurisdiction had the goods not become so covered.

5 **(5) WHEN SUB. (4) SECURITY INTEREST BECOMES UNPERFECTED AGAINST PURCHASERS.**

6 A security interest described in sub. (4) becomes unperfected as against a purchaser
7 of the goods for value and is deemed never to have been perfected as against a
8 purchaser of the goods for value if the applicable requirements for perfection under
9 s. 409.311 (2) or 409.313 are not satisfied before the earlier of:

10 (a) The time the security interest would have become unperfected under the law
11 of the other jurisdiction had the goods not become covered by a certificate of title from
12 this state; or

13 (b) The expiration of 4 months after the goods had become so covered.

14 **(6) CHANGE IN JURISDICTION OF BANK, ISSUER, NOMINATED PERSON, SECURITIES**
15 **INTERMEDIARY, OR COMMODITY INTERMEDIARY.** A security interest in deposit accounts,
16 letter-of-credit rights, or investment property which is perfected under the law of
17 the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction,
18 the securities intermediary's jurisdiction, or the commodity intermediary's
19 jurisdiction, as applicable, remains perfected until the earlier of:

20 (a) The time the security interest would have become unperfected under the
21 law of that jurisdiction; or

22 (b) The expiration of 4 months after a change of the applicable jurisdiction to
23 another jurisdiction.

24 **(7) SUB. (6) SECURITY INTEREST PERFECTED OR UNPERFECTED UNDER LAW OF NEW**
25 **JURISDICTION.** If a security interest described in sub. (6) becomes perfected under the

1 law of the other jurisdiction before the earlier of the time or the end of the period
2 described in that subsection, it remains perfected thereafter. If the security interest
3 does not become perfected under the law of the other jurisdiction before the earlier
4 of that time or the end of that period, it becomes unperfected and is deemed never
5 to have been perfected as against a purchaser of the collateral for value.

6 **409.317 Interests that take priority over or take free of security**
7 **interest or agricultural lien. (1) CONFLICTING SECURITY INTERESTS AND RIGHTS OF**
8 **LIEN CREDITORS.** A security interest or agricultural lien is subordinate to the rights
9 of:

10 (a) A person entitled to priority under s. 409.322; and

11 (b) Except as otherwise provided in sub. (5), a person that becomes a lien
12 creditor before the earlier of the time:

13 1. The security interest or agricultural lien is perfected; or

14 2. One of the conditions specified in s. 409.203 (2) (c) is met and a financing
15 statement covering the collateral is filed.

16 (2) **BUYERS THAT RECEIVE DELIVERY.** Except as otherwise provided in sub. (5), a
17 buyer, other than a secured party, of tangible chattel paper, documents, goods,
18 instruments, or a security certificate takes free of a security interest or agricultural
19 lien if the buyer gives value and receives delivery of the collateral without knowledge
20 of the security interest or agricultural lien and before it is perfected.

21 (3) **LESSEES THAT RECEIVE DELIVERY.** Except as otherwise provided in sub. (5),
22 a lessee of goods takes free of a security interest or agricultural lien if the lessee gives
23 value and receives delivery of the collateral without knowledge of the security
24 interest or agricultural lien and before it is perfected.

1 (4) LICENSEES AND BUYERS OF CERTAIN COLLATERAL. A licensee of a general
2 intangible or a buyer, other than a secured party, of accounts, electronic chattel
3 paper, general intangibles, or investment property other than a certificated security
4 takes free of a security interest if the licensee or buyer gives value without knowledge
5 of the security interest and before it is perfected.

6 (5) PURCHASE-MONEY SECURITY INTEREST. Except as otherwise provided in ss.
7 409.320 and 409.321, if a person files a financing statement with respect to a
8 purchase-money security interest before or within 20 days after the debtor receives
9 delivery of the collateral, the security interest takes priority over the rights of a
10 buyer, lessee, or lien creditor which arise between the time the security interest
11 attaches and the time of filing.

12 **409.318 No interest retained in right to payment that is sold; rights and**
13 **title of seller of account or chattel paper with respect to creditors and**
14 **purchasers. (1) SELLER RETAINS NO INTEREST.** A debtor that has sold an account,
15 chattel paper, payment intangible, or promissory note does not retain a legal or
16 equitable interest in the collateral sold.

17 (2) DEEMED RIGHTS OF DEBTOR IF BUYER'S SECURITY INTEREST UNPERFECTED. For
18 purposes of determining the rights of creditors of, and purchasers for value of an
19 account or chattel paper from, a debtor that has sold an account or chattel paper,
20 while the buyer's security interest is unperfected, the debtor is deemed to have rights
21 and title to the account or chattel paper identical to those the debtor sold.

22 **409.319 Rights and title of consignee with respect to creditors and**
23 **purchasers. (1) CONSIGNEE HAS CONSIGNOR'S RIGHTS.** Except as otherwise provided
24 in sub. (2), for purposes of determining the rights of creditors of, and purchasers for
25 value of goods from, a consignee, while the goods are in the possession of the

1 consignee, the consignee is deemed to have rights and title to the goods identical to
2 those the consignor had or had power to transfer.

3 (2) **APPLICABILITY OF OTHER LAW.** For purposes of determining the rights of a
4 creditor of a consignee, law other than this chapter determines the rights and title
5 of a consignee while goods are in the consignee's possession if, under this subchapter,
6 a perfected security interest held by the consignor would have priority over the rights
7 of the creditor.

8 **409.320 Buyer of goods. (1) BUYER IN ORDINARY COURSE OF BUSINESS.** Except
9 as otherwise provided in sub. (5), a buyer in ordinary course of business, other than
10 a person buying farm products from a person engaged in farming operations, takes
11 free of a security interest created by the buyer's seller, even if the security interest
12 is perfected and the buyer knows of its existence.

13 (2) **BUYER OF CONSUMER GOODS.** Except as otherwise provided in sub. (5), a buyer
14 of goods from a person who used or bought the goods for use primarily for personal,
15 family, or household purposes takes free of a security interest, even if perfected, if the
16 buyer buys:

- 17 (a) Without knowledge of the security interest;
18 (b) For value;
19 (c) Primarily for the buyer's personal, family, or household purposes; and
20 (d) Before the filing of a financing statement covering the goods.

21 (3) **EFFECTIVENESS OF FILING FOR SUB. (2).** To the extent that it affects the priority
22 of a security interest over a buyer of goods under sub. (2), the period of effectiveness
23 of a filing made in the jurisdiction in which the seller is located is governed by s.
24 409.316 (1) and (2).

1 (4) BUYER IN ORDINARY COURSE OF BUSINESS AT WELLHEAD OR MINEHEAD. A buyer
2 in ordinary course of business buying oil, gas, or other minerals at the wellhead or
3 minehead or after extraction takes free of an interest arising out of an encumbrance.

4 (5) POSSESSORY SECURITY INTEREST NOT AFFECTED. Subsections (1) and (2) do not
5 affect a security interest in goods in the possession of the secured party under s.
6 409.313.

7 **409.321 Licensee of general intangible and lessee of goods in ordinary**
8 **course of business.** (1) LICENSEE IN ORDINARY COURSE OF BUSINESS. In this section,
9 “licensee in ordinary course of business” means a person that becomes a licensee of
10 a general intangible in good faith, without knowledge that the license violates the
11 rights of another person in the general intangible, and in the ordinary course from
12 a person in the business of licensing general intangibles of that kind. A person
13 becomes a licensee in the ordinary course if the license to the person comports with
14 the usual or customary practices in the kind of business in which the licensor is
15 engaged or with the licensor’s own usual or customary practices.

16 (2) RIGHTS OF LICENSEE IN ORDINARY COURSE OF BUSINESS. A licensee in ordinary
17 course of business takes its rights under a nonexclusive license free of a security
18 interest in the general intangible created by the licensor, even if the security interest
19 is perfected and the licensee knows of its existence.

20 (3) RIGHTS OF LESSEE IN ORDINARY COURSE OF BUSINESS. A lessee in ordinary
21 course of business takes its leasehold interest free of a security interest in the goods
22 created by the lessor, even if the security interest is perfected and the lessee knows
23 of its existence.

24 **409.322 Priorities among conflicting security interests in and**
25 **agricultural liens on same collateral.** (1) GENERAL PRIORITY RULES. Except as

1 otherwise provided in this section, priority among conflicting security interests and
2 agricultural liens in the same collateral is determined according to the following
3 rules:

4 (a) Conflicting perfected security interests and agricultural liens rank
5 according to priority in time of filing or perfection. Priority dates from the earlier of
6 the time a filing covering the collateral is first made or the security interest or
7 agricultural lien is first perfected, if there is no period thereafter when there is
8 neither filing nor perfection.

9 (b) A perfected security interest or agricultural lien has priority over a
10 conflicting unperfected security interest or agricultural lien.

11 (c) The first security interest or agricultural lien to attach or become effective
12 has priority if conflicting security interests and agricultural liens are unperfected.

13 **(2) TIME OF PERFECTION: PROCEEDS AND SUPPORTING OBLIGATIONS.** For the
14 purposes of sub. (1) (a):

15 (a) The time of filing or perfection as to a security interest in collateral is also
16 the time of filing or perfection as to a security interest in proceeds; and

17 (b) The time of filing or perfection as to a security interest in collateral
18 supported by a supporting obligation is also the time of filing or perfection as to a
19 security interest in the supporting obligation.

20 **(3) SPECIAL PRIORITY RULES: PROCEEDS AND SUPPORTING OBLIGATIONS.** Except as
21 otherwise provided in sub. (6), a security interest in collateral which qualifies for
22 priority over a conflicting security interest under s. 409.327, 409.328, 409.329,
23 409.330, or 409.331 also has priority over a conflicting security interest in:

24 (a) Any supporting obligation for the collateral; and

25 (b) Proceeds of the collateral if:

- 1 1. The security interest in proceeds is perfected;
- 2 2. The proceeds are cash proceeds or of the same type as the collateral; and
- 3 3. In the case of proceeds that are proceeds of proceeds, all intervening proceeds
- 4 are cash proceeds, proceeds of the same type as the collateral, or an account relating
- 5 to the collateral.

6 **(4) FIRST-TO-FILE PRIORITY RULE FOR CERTAIN COLLATERAL.** Subject to sub. (5) and

7 except as otherwise provided in sub. (6), if a security interest in chattel paper, deposit

8 accounts, negotiable documents, instruments, investment property, or

9 letter-of-credit rights is perfected by a method other than filing, conflicting

10 perfected security interests in proceeds of the collateral rank according to priority in

11 time of filing.

12 **(5) APPLICABILITY OF SUB. (4).** Subsection (4) applies only if the proceeds of the

13 collateral are not cash proceeds, chattel paper, negotiable documents, instruments,

14 investment property, or letter-of-credit rights.

15 **(6) LIMITATIONS ON SUBS. (1) TO (5).** Subsections (1) to (5) are subject to:

- 16 (a) Subsection (7) and the other provisions of this subchapter;
- 17 (b) Section 404.210 with respect to a security interest of a collecting bank;
- 18 (c) Section 405.118 with respect to a security interest of an issuer or nominated
- 19 person; and
- 20 (d) Section 409.110 with respect to a security interest arising under ch. 402 or
- 21 411.

22 **(7) PRIORITY UNDER AGRICULTURAL LIEN STATUTE.** A perfected agricultural lien on

23 collateral has priority over a conflicting security interest in or agricultural lien on

24 the same collateral if the statute creating the agricultural lien so provides.

1 **409.323 Future advances. (1) WHEN PRIORITY BASED ON TIME OF ADVANCE.**
2 Except as otherwise provided in sub. (3), for purposes of determining the priority of
3 a perfected security interest under s. 409.322 (1) (a), perfection of the security
4 interest dates from the time an advance is made to the extent that the security
5 interest secures an advance that:

6 (a) Is made while the security interest is perfected only:

- 7 1. Under s. 409.309 when it attaches; or
8 2. Temporarily under s. 409.312 (5), (6), or (7); and

9 (b) Is not made pursuant to a commitment entered into before or while the
10 security interest is perfected by a method other than under s. 409.309 or 409.312 (5),
11 (6), or (7).

12 **(2) LIEN CREDITOR.** Except as otherwise provided in sub. (3), a security interest
13 is subordinate to the rights of a person that becomes a lien creditor to the extent that
14 the security interest secures an advance made more than 45 days after the person
15 becomes a lien creditor unless the advance is made:

- 16 (a) Without knowledge of the lien; or
17 (b) Pursuant to a commitment entered into without knowledge of the lien.

18 **(3) BUYER OF RECEIVABLES.** Subsections (1) and (2) do not apply to a security
19 interest held by a secured party that is a buyer of accounts, chattel paper, payment
20 intangibles, or promissory notes or a consignor.

21 **(4) BUYER OF GOODS.** Except as otherwise provided in sub. (5), a buyer of goods
22 other than a buyer in ordinary course of business takes free of a security interest to
23 the extent that it secures advances made after the earlier of:

- 24 (a) The time the secured party acquires knowledge of the buyer's purchase; or
25 (b) Forty-five days after the purchase.

1 (5) ADVANCES MADE PURSUANT TO COMMITMENT: PRIORITY OF BUYER OF GOODS.
2 Subsection (4) does not apply if the advance is made pursuant to a commitment
3 entered into without knowledge of the buyer's purchase and before the expiration of
4 the 45-day period.

5 (6) LESSEE OF GOODS. Except as otherwise provided in sub. (7), a lessee of goods,
6 other than a lessee in ordinary course of business, takes the leasehold interest free
7 of a security interest to the extent that it secures advances made after the earlier of:

8 (a) The time the secured party acquires knowledge of the lease; or

9 (b) Forty-five days after the lease contract becomes enforceable.

10 (7) ADVANCES MADE PURSUANT TO COMMITMENT: PRIORITY OF LESSEE OF GOODS.
11 Subsection (6) does not apply if the advance is made pursuant to a commitment
12 entered into without knowledge of the lease and before the expiration of the 45-day
13 period.

14 **409.324 Priority of purchase-money security interests.** (1) GENERAL
15 RULE: PURCHASE-MONEY PRIORITY. Except as otherwise provided in sub. (7), a perfected
16 purchase-money security interest in goods other than inventory or livestock has
17 priority over a conflicting security interest in the same goods, and, except as
18 otherwise provided in s. 409.327, a perfected security interest in its identifiable
19 proceeds also has priority, if the purchase-money security interest is perfected when
20 the debtor receives possession of the collateral or within 20 days thereafter.

21 (2) INVENTORY PURCHASE-MONEY PRIORITY. Subject to sub. (3) and except as
22 otherwise provided in sub. (7), a perfected purchase-money security interest in
23 inventory has priority over a conflicting security interest in the same inventory, has
24 priority over a conflicting security interest in chattel paper or an instrument
25 constituting proceeds of the inventory and in proceeds of the chattel paper, if so

1 provided in s. 409.330, and, except as otherwise provided in s. 409.327, also has
2 priority in identifiable cash proceeds of the inventory to the extent that the
3 identifiable cash proceeds are received on or before the delivery of the inventory to
4 a buyer, if:

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

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

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

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

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

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

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

22 **(4) LIVESTOCK PURCHASE–MONEY PRIORITY.** Subject to sub. (5) and except as
23 otherwise provided in sub. (7), a perfected purchase–money security interest in
24 livestock that are farm products has priority over a conflicting security interest in
25 the same livestock, and, except as otherwise provided in s. 409.327, a perfected

1 security interest in their identifiable proceeds and identifiable products in their
2 unmanufactured states also has priority, if:

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

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

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

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

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

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

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

20 **(6) SOFTWARE PURCHASE–MONEY PRIORITY.** Except as otherwise provided in sub.
21 (7), a perfected purchase–money security interest in software has priority over a
22 conflicting security interest in the same collateral, and, except as otherwise provided
23 in s. 409.327, a perfected security interest in its identifiable proceeds also has
24 priority, to the extent that the purchase–money security interest in the goods in

1 which the software was acquired for use has priority in the goods and proceeds of the
2 goods under this section.

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

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

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

9 **409.325 Priority of security interests in transferred collateral. (1)**

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

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

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

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

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

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

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

22 **409.326 Priority of security interests created by new debtor. (1)**

23 SUBORDINATION OF SECURITY INTEREST CREATED BY NEW DEBTOR. Subject to sub. (2), a
24 security interest created by a new debtor which is perfected by a filed financing
25 statement that is effective solely under s. 409.508 in collateral in which a new debtor

1 has or acquires rights is subordinate to a security interest in the same collateral
2 which is perfected other than by a filed financing statement that is effective solely
3 under s. 409.508.

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

11 **409.327 Priority of security interests in deposit account.** The following
12 rules govern priority among conflicting security interests in the same deposit
13 account:

14 (1) CONTROL BY SECURED PARTY. A security interest held by a secured party
15 having control of the deposit account under s. 409.104 has priority over a conflicting
16 security interest held by a secured party that does not have control.

17 (2) PRIORITY IN TIME OF CONTROL. Except as otherwise provided in subs. (3) and
18 (4), security interests perfected by control under s. 409.314 rank according to priority
19 in time of obtaining control.

20 (3) PRIORITY OF BANK REGARDING DEPOSIT ACCOUNT. Except as otherwise provided
21 in sub. (4), a security interest held by the bank with which the deposit account is
22 maintained has priority over a conflicting security interest held by another secured
23 party.

1 (4) PRIORITY OVER BANK REGARDING DEPOSIT ACCOUNT. A security interest
2 perfected by control under s. 409.104 (1) (c) has priority over a security interest held
3 by the bank with which the deposit account is maintained.

4 **409.328 Priority of security interests in investment property.** The
5 following rules govern priority among conflicting security interests in the same
6 investment property:

7 (1) CONTROL BY SECURED PARTY. A security interest held by a secured party
8 having control of investment property under s. 409.106 has priority over a security
9 interest held by a secured party that does not have control of the investment
10 property.

11 (2) PRIORITY IN TIME OF CONTROL. Except as otherwise provided in subs. (3) and
12 (4), conflicting security interests held by secured parties each of which has control
13 under s. 409.106 rank according to priority in time of:

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

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

16 1. If the secured party obtained control under s. 408.106 (4) (a), the secured
17 party's becoming the person for which the securities account is maintained;

18 2. If the secured party obtained control under s. 408.106 (4) (b), the securities
19 intermediary's agreement to comply with the secured party's entitlement orders with
20 respect to security entitlements carried or to be carried in the securities account; or

21 3. If the secured party obtained control through another person under s.
22 408.106 (4) (c), the time on which priority would be based under this subsection if the
23 other person were the secured party; or

24 (c) If the collateral is a commodity contract carried with a commodity
25 intermediary, the satisfaction of the requirement for control specified in s. 409.106

1 (2) (b) with respect to commodity contracts carried or to be carried with the
2 commodity intermediary.

3 (3) PRIORITY OF SECURITIES INTERMEDIARY REGARDING ENTITLEMENT OR ACCOUNT.
4 A security interest held by a securities intermediary in a security entitlement or a
5 securities account maintained with the securities intermediary has priority over a
6 conflicting security interest held by another secured party.

7 (4) PRIORITY OF SECURITIES INTERMEDIARY REGARDING CONTRACT OR ACCOUNT. A
8 security interest held by a commodity intermediary in a commodity contract or a
9 commodity account maintained with the commodity intermediary has priority over
10 a conflicting security interest held by another secured party.

11 (5) PRIORITY IN CERTIFICATED SECURITIES. A security interest in a certificated
12 security in registered form which is perfected by taking delivery under s. 409.313 (1)
13 and not by control under s. 409.314 has priority over a conflicting security interest
14 perfected by a method other than control.

15 (6) PRIORITY OF CONFLICTING SECURITY INTERESTS; INTERMEDIARIES. Conflicting
16 security interests created by a broker, securities intermediary, or commodity
17 intermediary which are perfected without control under s. 409.106 rank equally.

18 (7) PRIORITY OF CONFLICTING SECURITY INTERESTS; OTHERS. In all other cases,
19 priority among conflicting security interests in investment property is governed by
20 ss. 409.322 and 409.323.

21 **409.329 Priority of security interests in letter-of-credit right.** The
22 following rules govern priority among conflicting security interests in the same
23 letter-of-credit right:

24 (1) CONTROL BY SECURED PARTY. A security interest held by a secured party
25 having control of the letter-of-credit right under s. 409.107 has priority to the extent

1 of its control over a conflicting security interest held by a secured party that does not
2 have control.

3 (2) PRIORITY IN TIME OF CONTROL. Security interests perfected by control under
4 s. 409.314 rank according to priority in time of obtaining control.

5 **409.330 Priority of purchaser of chattel paper or instrument. (1)**

6 PURCHASER'S PRIORITY: SECURITY INTEREST CLAIMED MERELY AS PROCEEDS. A purchaser
7 of chattel paper has priority over a security interest in the chattel paper which is
8 claimed merely as proceeds of inventory subject to a security interest if:

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

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

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

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

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