

SHB 1115 - S COMM AMD
By Committee on Law & Justice

ADOPTED 04/12/2013

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 62A.4A-108 and 1991 sp.s. c 21 s 4A-108 are each
4 amended to read as follows:

5 RELATIONSHIP TO ELECTRONIC FUND TRANSFER ACT. (a) Except as
6 provided in subsection (b) of this section, this Article does not apply
7 to a funds transfer any part of which is governed by the Electronic
8 Fund Transfer Act of 1978 (Title XX, P.L. 95-630, 92 Stat. 3728, 15
9 U.S.C. Sec. 1693 et seq.) ((as amended from time to time)).

10 (b) This Article applies to a funds transfer that is a remittance
11 transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec.
12 1693o-1), unless the remittance transfer is an electronic fund transfer
13 as defined in the Electronic Fund Transfer Act (15 U.S.C. Sec. 1693a).

14 (c) In a funds transfer to which this Article applies, in the event
15 of an inconsistency between an applicable provision of this Article and
16 an applicable provision of the Electronic Fund Transfer Act, the
17 provision of the Electronic Fund Transfer Act governs to the extent of
18 the inconsistency.

19 **Sec. 2.** RCW 62A.4A-103 and 1991 sp.s. c 21 s 4A-103 are each
20 amended to read as follows:

21 ~~((1))~~ (a) In this Article:

22 ~~((a))~~ (1) "Payment order" means an instruction of a sender to a
23 receiving bank, transmitted orally, electronically, or in writing, to
24 pay, or to cause another bank to pay, a fixed or determinable amount of
25 money to a beneficiary if:

26 (i) The instruction does not state a condition ~~((of))~~ to payment to
27 the beneficiary other than time of payment;

28 (ii) The receiving bank is to be reimbursed by debiting an account
29 of, or otherwise receiving payment from, the sender; and

1 (iii) The instruction is transmitted by the sender directly to the
2 receiving bank or to an agent, funds-transfer system, or communication
3 system for transmittal to the receiving bank.

4 ~~((b))~~ (2) "Beneficiary" means the person to be paid by the
5 beneficiary's bank.

6 ~~((e))~~ (3) "Beneficiary's bank" means the bank identified in a
7 payment order in which an account of the beneficiary is to be credited
8 pursuant to the order or which otherwise is to make payment to the
9 beneficiary if the order does not provide for payment to an account.

10 ~~((d))~~ (4) "Receiving bank" means the bank to which the sender's
11 instruction is addressed.

12 ~~((e))~~ (5) "Sender" means the person giving the instruction to the
13 receiving bank.

14 ~~((2))~~ (b) If an instruction complying with subsection ~~((1)(a))~~
15 (a)(1) of this section is to make more than one payment to a
16 beneficiary, the instruction is a separate payment order with respect
17 to each payment.

18 ~~((3))~~ (c) A payment order is issued when it is sent to the
19 receiving bank.

20 **Sec. 3.** RCW 62A.4A-104 and 1991 sp.s. c 21 s 4A-104 are each
21 amended to read as follows:

22 In this Article:

23 ~~((1))~~ (a) "Funds transfer" means the series of transactions,
24 beginning with the originator's payment order, made for the purpose of
25 making payment to the beneficiary of the order. The term includes any
26 payment order issued by the originator's bank or an intermediary bank
27 intended to carry out the originator's payment order. A funds transfer
28 is completed by acceptance by the beneficiary's bank of a payment order
29 for the benefit of the beneficiary of the originator's payment order.

30 ~~((2))~~ (b) "Intermediary bank" means a receiving bank other than
31 the originator's bank or the beneficiary's bank.

32 ~~((3))~~ (c) "Originator" means the sender of the first payment
33 order in a funds transfer.

34 ~~((4))~~ (d) "Originator's bank" means ~~((a))~~ (i) the receiving
35 bank to which the payment order of the originator is issued if the
36 originator is not a bank, or ~~((b))~~ (ii) the originator if the
37 originator is a bank.

1 **Sec. 4.** RCW 62A.4A-105 and 2012 c 214 s 1201 are each amended to
2 read as follows:

3 ~~((1))~~ (a) In this Article:

4 ~~((a))~~ (1) "Authorized account" means a deposit account of a
5 customer in a bank designated by the customer as a source of payment of
6 payment orders issued by the customer to the bank. If a customer does
7 not so designate an account, any account of the customer is an
8 authorized account if payment of a payment order from that account is
9 not inconsistent with a restriction on the use of ~~((the))~~ that account.

10 ~~((b))~~ (2) "Bank" means a person engaged in the business of
11 banking and includes a savings bank, savings and loan association,
12 credit union, and trust company. A branch or separate office of a bank
13 is a separate bank for purposes of this Article.

14 ~~((c))~~ (3) "Customer" means a person, including a bank, having an
15 account with a bank or from whom a bank has agreed to receive payment
16 orders.

17 ~~((d))~~ (4) "Funds-transfer business day" of a receiving bank means
18 the part of a day during which the receiving bank is open for the
19 receipt, processing, and transmittal of payment orders and
20 cancellations and amendments of payment orders.

21 ~~((e))~~ (5) "Funds-transfer system" means a wire transfer network,
22 automated clearing house, or other communication system of a clearing
23 house or other association of banks through which a payment order by a
24 bank may be transmitted to the bank to which the order is addressed.

25 ~~((f))~~ (6) [Reserved.]

26 ~~((g))~~ (7) "Prove" with respect to a fact means to meet the burden
27 of establishing the fact (RCW 62A.1-201(b)(8)).

28 ~~((2))~~ (b) Other definitions applying to this Article and the
29 sections in which they appear are:

30	"Acceptance"	RCW 62A.4A-209
31	"Beneficiary"	RCW 62A.4A-103
32	"Beneficiary's bank"	RCW 62A.4A-103
33	"Executed"	RCW 62A.4A-301
34	"Execution date"	RCW 62A.4A-301
35	"Funds transfer"	RCW 62A.4A-104
36	"Funds-transfer system rule"	RCW 62A.4A-501

1	"Intermediary bank"	RCW 62A.4A-104
2	"Originator"	RCW 62A.4A-104
3	"Originator's bank"	RCW 62A.4A-104
4	"Payment by beneficiary's	
5	bank to beneficiary"	RCW 62A.4A-405
6	"Payment by originator to	
7	beneficiary"	RCW 62A.4A-406
8	"Payment by sender to	
9	receiving bank"	RCW 62A.4A-403
10	"Payment date"	RCW 62A.4A-401
11	"Payment order"	RCW 62A.4A-103
12	"Receiving bank"	RCW 62A.4A-103
13	"Security procedure"	RCW 62A.4A-201
14	"Sender"	RCW 62A.4A-103

15 (~~(3)~~) (c) The following definitions in Article 4 (RCW 62A.4-101
16 through 62A.4-504) apply to this Article:

17	"Clearing house"	RCW 62A.4-104
18	"Item"	RCW 62A.4-104
19	"Suspends payments"	RCW 62A.4-104

20 (~~(4)~~) (d) In addition, Article 1 contains general definitions and
21 principles of construction and interpretation applicable throughout
22 this Article.

23 **Sec. 5.** RCW 62A.4A-106 and 2012 c 214 s 1202 are each amended to
24 read as follows:

25 (~~(1)~~) (a) The time of receipt of a payment order or communication
26 canceling or amending a payment order is determined by the rules
27 applicable to receipt of a notice stated in RCW 62A.1-202. A receiving
28 bank may fix a cut-off time or times on a funds-transfer business day
29 for the receipt and processing of payment orders and communications
30 canceling or amending payment orders. Different cut-off times may
31 apply to payment orders, cancellations, or amendments, or to different
32 categories of payment orders, cancellations, or amendments. A cut-off

1 time may apply to senders generally or different cut-off times may
2 apply to different senders or categories of payment orders. If a
3 payment order or communication canceling or amending a payment order is
4 received after the close of a funds-transfer business day or after the
5 appropriate cut-off time on a funds-transfer business day, the
6 receiving bank may treat the payment order or communication as received
7 at the opening of the next funds-transfer business day.

8 ~~((+2))~~ (b) If this Article refers to an execution date or payment
9 date or states a day on which a receiving bank is required to take
10 action, and the date or day does not fall on a funds-transfer business
11 day, the next day that is a funds-transfer business day is treated as
12 the date or day stated, unless the contrary is stated in this Article.

13 **Sec. 6.** RCW 62A.4A-202 and 1991 sp.s. c 21 s 4A-202 are each
14 amended to read as follows:

15 ~~((+1))~~ (a) A payment order received by the receiving bank is the
16 authorized order of the person identified as sender if that person
17 authorized the order or is otherwise bound by it under the law of
18 agency.

19 ~~((+2))~~ (b) If a bank and its customer have agreed that the
20 authenticity of payment orders issued to the bank in the name of the
21 customer as sender will be verified pursuant to a security procedure,
22 a payment order received by the receiving bank is effective as the
23 order of the customer, whether or not authorized, if ~~((+a))~~ (i) the
24 security procedure is a commercially reasonable method of providing
25 security against unauthorized payment orders, and ~~((+b))~~ (ii) the bank
26 proves that it accepted the payment order in good faith and in
27 compliance with the security procedure and any written agreement or
28 instruction of the customer restricting acceptance of payment orders
29 issued in the name of the customer. The bank is not required to follow
30 an instruction that violates a written agreement with the customer or
31 notice of which is not received at a time and in a manner affording the
32 bank a reasonable opportunity to act on it before the payment order is
33 accepted.

34 ~~((+3))~~ (c) Commercial reasonableness of a security procedure is a
35 question of law to be determined by considering the wishes of the
36 customer expressed to the bank, the circumstances of the customer known
37 to the bank, including the size, type, and frequency of payment orders

1 normally issued by the customer to the bank, alternative security
2 procedures offered to the customer, and security procedures in general
3 use by customers and receiving banks similarly situated. A security
4 procedure is deemed to be commercially reasonable if ~~((+a+))~~ (i) the
5 security procedure was chosen ~~((+by+))~~ by the customer after the bank
6 offered, and the customer refused, a security procedure that was
7 commercially reasonable for that customer, and ~~((+b+))~~ (ii) the
8 customer expressly agreed in writing to be bound by any payment order,
9 whether or not authorized, issued in its name, and accepted by the bank
10 in compliance with the security procedure chosen by the customer.

11 ~~((+4+))~~ (d) The term "sender" in this Article includes the customer
12 in whose name a payment order is issued if the order is the authorized
13 order of the customer under subsection ~~((+1+))~~ (a) of this section, or
14 it is effective as the order of the customer under subsection ~~((+2+))~~
15 (b) of this section.

16 ~~((+5+))~~ (e) This section applies to amendments and cancellations of
17 payment orders to the same extent it applies to payment orders.

18 ~~((+6+))~~ (f) Except as provided in this section and RCW
19 62A.4A-203~~((+1+)(a+))~~ (a)(1), rights and obligations arising under this
20 section or RCW 62A.4A-203 may not be varied by agreement.

21 **Sec. 7.** RCW 62A.4A-203 and 1991 sp.s. c 21 s 4A-203 are each
22 amended to read as follows:

23 ~~((+1+))~~ (a) If an accepted payment order is not, under RCW
24 ~~((62A.4A-201(1+))~~ 62A.4A-202(a), an authorized order of a customer
25 identified as sender, but is effective as an order of the customer
26 pursuant to RCW 62A.4A-202~~((+2+))~~ (b), the following rules apply.

27 ~~((+a+))~~ (1) By express written agreement, the receiving bank may
28 limit the extent to which it is entitled to enforce or retain payment
29 of the payment order.

30 ~~((+b+))~~ (2) The receiving bank is not entitled to enforce or retain
31 payment of the payment order if the customer proves that the order was
32 not caused, directly or indirectly, by a person (i) entrusted at any
33 time with duties to act for the customer with respect to payment orders
34 or the security procedure, or (ii) who obtained access to transmitting
35 facilities of the customer or who obtained, from a source controlled by
36 the customer and without authority of the receiving bank, information

1 facilitating breach of the security procedure, regardless of how the
2 information was obtained or whether the customer was at fault.
3 Information includes any access device, computer software, or the like.

4 ((+2)) (b) This section applies to amendments of payment orders to
5 the same extent it applies to payment orders.

6 **Sec. 8.** RCW 62A.4A-204 and 2012 c 214 s 1203 are each amended to
7 read as follows:

8 ((+1)) (a) If a receiving bank accepts a payment order issued in
9 the name of its customer as sender which is ((+a)) (i) not authorized
10 and not effective as the order of the customer under RCW 62A.4A-202, or
11 ((+b)) (ii) not enforceable, in whole or in part, against the customer
12 under RCW 62A.4A-203, the bank shall refund any payment of the payment
13 order received from the customer to the extent the bank is not entitled
14 to enforce payment and shall pay interest on the refundable amount
15 calculated from the date the bank received payment to the date of the
16 refund. However, the customer is not entitled to interest from the
17 bank on the amount to be refunded if the customer fails to exercise
18 ordinary care to determine that the order was not authorized by the
19 customer and to notify the bank of the relevant facts within a
20 reasonable time not exceeding ninety days after the date the customer
21 received notification from the bank that the order was accepted or that
22 the customer's account was debited with respect to the order. The bank
23 is not entitled to any recovery from the customer on account of a
24 failure by the customer to give notification as stated in this section.

25 ((+2)) (b) Reasonable time under subsection ((+1)) (a) of this
26 section may be fixed by agreement as stated in RCW 62A.1-302(b), but
27 the obligation of a receiving bank to refund payment as stated in
28 subsection ((+1)) (a) of this section may not otherwise be varied by
29 agreement.

30 **Sec. 9.** RCW 62A.4A-205 and 1991 sp.s. c 21 s 4A-205 are each
31 amended to read as follows:

32 ((+1)) (a) If an accepted payment order was transmitted pursuant
33 to a security procedure for the detection of error and the payment
34 order ((+a)) (i) erroneously instructed payment to a beneficiary not
35 intended by the sender, ((+b)) (ii) erroneously instructed payment in

1 an amount greater than the amount intended by the sender, or ~~((e))~~
2 (iii) was an erroneously transmitted duplicate of a payment order
3 previously sent by the sender, the following rules apply:

4 ~~((i))~~ (1) If the sender proves that the sender or a person acting
5 on behalf of the sender pursuant to RCW 62A.4A-206 complied with the
6 security procedure and that the error would have been detected if the
7 receiving bank had also complied, the sender is not obliged to pay the
8 order to the extent stated in ~~((ii))~~ paragraphs (2) and ~~((iii))~~ (3)
9 of this subsection.

10 ~~((ii))~~ (2) If the funds transfer is completed on the basis of an
11 erroneous payment order described in ~~((b))~~ clause (i) or ~~((e))~~
12 (iii) of this subsection (a), the sender is not obliged to pay the
13 order and the receiving bank is entitled to recover from the
14 beneficiary any amount paid to the beneficiary to the extent allowed by
15 the law governing mistake and restitution.

16 ~~((iii))~~ (3) If the funds transfer is completed on the basis of a
17 payment order described in ~~((b))~~ clause (ii) of this subsection (a),
18 the sender is not obliged to pay the order to the extent the amount
19 received by the beneficiary is greater than the amount intended by the
20 sender. In that case, the receiving bank is entitled to recover from
21 the beneficiary the excess amount received to the extent allowed by the
22 law governing mistake and restitution.

23 ~~((2))~~ (b) If ~~((a))~~ (i) the sender of an erroneous payment order
24 described in subsection ~~((1))~~ (a) of this section is not obliged to
25 pay all or part of the order, and ~~((b))~~ (ii) the sender receives
26 notification from the receiving bank that the order was accepted by the
27 bank or that the sender's account was debited with respect to the
28 order, the sender has a duty to exercise ordinary care, on the basis of
29 information available to the sender, to discover the error with respect
30 to the order and to advise the bank of the relevant facts within a
31 reasonable time, not exceeding ninety days, after the bank's
32 notification was received by the sender. If the bank proves that the
33 sender failed to perform that duty, the sender is liable to the bank
34 for the loss the bank proves it incurred as a result of the failure,
35 but the liability of the sender may not exceed the amount of the
36 sender's order.

37 ~~((3))~~ (c) This section applies to amendments to payment orders to
38 the same extent it applies to payment orders.

1 **Sec. 10.** RCW 62A.4A-206 and 1991 sp.s. c 21 s 4A-206 are each
2 amended to read as follows:

3 ~~((1))~~ (a) If a payment order addressed to a receiving bank is
4 transmitted to a funds-transfer system or other third-party
5 communication system for transmittal to the bank, the system is deemed
6 to be an agent of the sender for the purpose of transmitting the
7 payment order to the bank. If there is a discrepancy between the terms
8 of the payment order transmitted to the system and the terms of the
9 payment order transmitted by the system to the bank, the terms of the
10 payment order of the sender are those transmitted by the system. This
11 section does not apply to a funds-transfer system of the federal
12 reserve banks.

13 ~~((2))~~ (b) This section applies to cancellations and amendments of
14 payment orders to the same extent it applies to payment orders.

15 **Sec. 11.** RCW 62A.4A-207 and 1991 sp.s. c 21 s 4A-207 are each
16 amended to read as follows:

17 ~~((1))~~ (a) Subject to subsection ~~((2))~~ (b) of this section, if,
18 in a payment order received by the beneficiary's bank, the name, bank
19 account number, or other identification of the beneficiary refers to a
20 nonexistent or unidentifiable person or account, no person has rights
21 as a beneficiary of the order and acceptance of the order cannot occur.

22 ~~((2))~~ (b) If a payment order received by the beneficiary's bank
23 identifies the beneficiary both by name and by an identifying or bank
24 account number and the name and number identify different persons, the
25 following rules apply:

26 ~~((a))~~ (1) Except as otherwise provided in subsection ~~((3))~~ (c)
27 of this section, if the beneficiary's bank does not know that the name
28 and number refer to different persons, it may rely on the number as the
29 proper identification of the beneficiary of the order. The
30 beneficiary's bank need not determine whether the name and number refer
31 to the same person.

32 ~~((b))~~ (2) If the beneficiary's bank pays the person identified by
33 name or knows that the name and number identify different persons, no
34 person has rights as beneficiary except the person paid by the
35 beneficiary's bank if that person was entitled to receive payment from
36 the originator of the funds transfer. If no person has rights as
37 beneficiary, acceptance of the order cannot occur.

1 ~~((3))~~ (c) If ~~((a))~~ (i) a payment order described in subsection
2 ~~((2))~~ (b) of this section is accepted, ~~((b))~~ (ii) the originator's
3 payment order described the beneficiary inconsistently by name and
4 number, and ~~((e))~~ (iii) the beneficiary's bank pays the person
5 identified by number as permitted by subsection ~~((2)(a))~~ (b)(1) of
6 this section, the following rules apply:

7 ~~((i))~~ (1) If the originator is a bank, the originator is obliged
8 to pay its order.

9 ~~((ii))~~ (2) If the originator is not a bank and proves that the
10 person identified by number was not entitled to receive payment from
11 the originator, the originator is not obliged to pay its order unless
12 the originator's bank proves that the originator, before acceptance of
13 the originator's order, had notice that payment of a payment order
14 issued by the originator might be made by the beneficiary's bank on the
15 basis of an identifying or bank account number even if it identifies a
16 person different from the named beneficiary. Proof of notice may be
17 made by any admissible evidence. The originator's bank satisfies the
18 burden of proof if it proves that the originator, before the payment
19 order was accepted, signed a writing stating the information to which
20 the notice relates.

21 ~~((4))~~ (d) In a case governed by subsection ~~((2)(a))~~ (b)(1) of
22 this section, if the beneficiary's bank rightfully pays the person
23 identified by number and that person was not entitled to receive
24 payment from the originator, the amount paid may be recovered from that
25 person to the extent allowed by the law governing mistake and
26 restitution as follows:

27 ~~((a))~~ (1) If the originator is obliged to pay its payment order
28 as stated in subsection ~~((3))~~ (c) of this section, the originator has
29 the right to recover.

30 ~~((b))~~ (2) If the originator is not a bank and is not obliged to
31 pay its payment order, the originator's bank has the right to recover.

32 **Sec. 12.** RCW 62A.4A-208 and 1991 sp.s. c 21 s 4A-208 are each
33 amended to read as follows:

34 ~~((1))~~ (a) This subsection applies to a payment order identifying
35 an intermediary bank or the beneficiary's bank only by an identifying
36 number.

1 ~~((a))~~ (1) The receiving bank may rely on the number as the proper
2 identification of the intermediary or beneficiary's bank and need not
3 determine whether the number identifies a bank.

4 ~~((b))~~ (2) The sender is obliged to compensate the receiving bank
5 for any loss and expenses incurred by the receiving bank as a result of
6 its reliance on the number in executing or attempting to execute the
7 order.

8 ~~((2))~~ (b) This subsection applies to a payment order identifying
9 an intermediary bank or the beneficiary's bank both by name and an
10 identifying number if the name and number identify different persons.

11 ~~((a))~~ (1) If the sender is a bank, the receiving bank may rely on
12 the number as the proper identification of the intermediary or
13 beneficiary's bank if the receiving bank, when it executes the sender's
14 order, does not know that the name and number identify different
15 persons. The receiving bank need not determine whether the name and
16 number refer to the same person or whether the number refers to a bank.
17 The sender is obliged to compensate the receiving bank for any loss and
18 expenses incurred by the receiving bank as a result of its reliance on
19 the number in executing or attempting to execute the order.

20 ~~((b))~~ (2) If the sender is not a bank and the receiving bank
21 proves that the sender, before the payment order was accepted, had
22 notice that the receiving bank might rely on the number as the proper
23 identification of the intermediary or beneficiary's bank even if it
24 identifies a person different from the bank identified by name, the
25 rights and obligations of the sender and the receiving bank are
26 governed by subsection ~~((2)(a))~~ (b)(1) of this section, as though the
27 sender were a bank. Proof of notice may be made by any admissible
28 evidence. The receiving bank satisfies the burden of proof if it
29 proves that the sender, before the payment order was accepted, signed
30 a writing stating the information to which the notice relates.

31 ~~((c))~~ (3) Regardless of whether the sender is a bank, the
32 receiving bank may rely on the name as the proper identification of the
33 intermediary or beneficiary's bank if the receiving bank, at the time
34 it executes the sender's order, does not know that the name and number
35 identify different persons. The receiving bank need not determine
36 whether the name and number refer to the same person.

37 ~~((d))~~ (4) If the receiving bank knows that the name and number

1 identify different persons, reliance on either the name or the number
2 in executing the sender's payment order is a breach of the obligation
3 stated in RCW 62A.4A-302(~~((1)(a))~~) (a)(1).

4 **Sec. 13.** RCW 62A.4A-209 and 1991 sp.s. c 21 s 4A-209 are each
5 amended to read as follows:

6 (~~((1))~~) (a) Subject to subsection (~~((4))~~) (d) of this section, a
7 receiving bank other than the beneficiary's bank accepts a payment
8 order when it executes the order.

9 (~~((2))~~) (b) Subject to subsections (~~((3) and (4))~~) (c) and (d) of
10 this section, a beneficiary's bank accepts a payment order at the
11 earliest of the following times:

12 (~~((a))~~) (1) When the bank (i) pays the beneficiary as stated in RCW
13 62A.4A-405 (~~((1) or (2))~~) (a) or (b) or (ii) notifies the beneficiary
14 of receipt of the order or that the account of the beneficiary has been
15 credited with respect to the order unless the notice indicates that the
16 bank is rejecting the order or that funds with respect to the order may
17 not be withdrawn or used until receipt of payment from the sender of
18 the order;

19 (~~((b))~~) (2) When the bank receives payment of the entire amount of
20 the sender's order pursuant to RCW 62A.4A-403(~~((1)(a) or (b))~~) (a) (1)
21 or (2); or

22 (~~((c))~~) (3) The opening of the next funds-transfer business day of
23 the bank following the payment date of the order if, at that time, the
24 amount of the sender's order is fully covered by a withdrawable credit
25 balance in an authorized account of the sender or the bank has
26 otherwise received full payment from the sender, unless the order was
27 rejected before that time or is rejected within (i) one hour after that
28 time, or (ii) one hour after the opening of the next business day of
29 the sender following the payment date if that time is later. If notice
30 of rejection is received by the sender after the payment date and the
31 authorized account of the sender does not bear interest, the bank is
32 obliged to pay interest to the sender on the amount of the order for
33 the number of days elapsing after the payment date to the day the
34 sender receives notice or learns that the order was not accepted,
35 counting that day as an elapsed day. If the withdrawable credit
36 balance during that period falls below the amount of the order, the
37 amount of interest payable is reduced accordingly.

1 ~~((+3))~~ (c) Acceptance of a payment order cannot occur before the
2 order is received by the receiving bank. Acceptance does not occur
3 under subsection ~~((+2)(b) or (c))~~ (b) (2) or (3) of this section if
4 the beneficiary of the payment order does not have an account with the
5 receiving bank, the account has been closed, or the receiving bank is
6 not permitted by law to receive credits for the beneficiary's account.

7 ~~((+4))~~ (d) A payment order issued to the originator's bank cannot
8 be accepted until the payment date if the bank is the beneficiary's
9 bank, or the execution date if the bank is not the beneficiary's bank.
10 If the originator's bank executes the originator's payment order before
11 the execution date or pays the beneficiary of the originator's payment
12 order before the payment date and the payment order is subsequently
13 canceled pursuant to RCW 62A.4A-211~~((+2))~~ (b), the bank may recover
14 from the beneficiary any payment received to the extent allowed by the
15 law governing mistake and restitution.

16 **Sec. 14.** RCW 62A.4A-210 and 1991 sp.s. c 21 s 4A-210 are each
17 amended to read as follows:

18 ~~((+1))~~ (a) A payment order is rejected by the receiving bank by a
19 notice of rejection transmitted to the sender orally, electronically,
20 or in writing. A notice of rejection need not use any particular words
21 and is sufficient if it indicates that the receiving bank is rejecting
22 the order or will not execute or pay the order. Rejection is effective
23 when the notice is given if transmission is by a means that is
24 reasonable in the circumstances. If notice of rejection is given by a
25 means that is not reasonable, rejection is effective when the notice is
26 received. If an agreement of the sender and receiving bank establishes
27 the means to be used to reject a payment order, ~~((+a))~~ (i) any means
28 complying with the agreement is reasonable and ~~((+b))~~ (ii) any means
29 not complying is not reasonable unless no significant delay in receipt
30 of the notice resulted from the use of the noncomplying means.

31 ~~((+2))~~ (b) This subsection applies if a receiving bank other than
32 the beneficiary's bank fails to execute a payment order despite the
33 existence on the execution date of a withdrawable credit balance in an
34 authorized account of the sender sufficient to cover the order. If the
35 sender does not receive notice of rejection of the order on the
36 execution date and the authorized account of the sender does not bear
37 interest, the bank is obliged to pay interest to the sender on the

1 amount of the order for the number of days elapsing after the execution
2 date to the earlier of the day the order is canceled pursuant to RCW
3 62A.4A-211(~~(+4)~~) (d) or the day the sender receives notice or learns
4 that the order was not executed, counting the final day of the period
5 as an elapsed day. If the withdrawable credit balance during that
6 period falls below the amount of the order, the amount of interest is
7 reduced accordingly.

8 ~~(+3)~~ (c) If a receiving bank suspends payments, all unaccepted
9 payment orders issued to it are deemed rejected at the time the bank
10 suspends payments.

11 ~~(+4)~~ (d) Acceptance of a payment order precludes a later
12 rejection of the order. Rejection of a payment order precludes a later
13 acceptance of the order.

14 **Sec. 15.** RCW 62A.4A-211 and 1991 sp.s. c 21 s 4A-211 are each
15 amended to read as follows:

16 ~~(+1)~~ (a) A communication of the sender of a payment order
17 canceling or amending the order may be transmitted to the receiving
18 bank orally, electronically, or in writing. If a security procedure is
19 in effect between the sender and the receiving bank, the communication
20 is not effective to cancel or amend the order unless the communication
21 is verified pursuant to the security procedure or the bank agrees to
22 the cancellation or amendment.

23 ~~(+2)~~ (b) Subject to subsection ~~(+1)~~ (a) of this section, a
24 communication by the sender canceling or amending a payment order is
25 effective to cancel or amend the order if notice of the communication
26 is received at a time and in a manner affording the receiving bank a
27 reasonable opportunity to act on the communication before the bank
28 accepts the payment order.

29 ~~(+3)~~ (c) After a payment order has been accepted, cancellation
30 or amendment of the order is not effective unless the receiving bank
31 agrees or a funds-transfer system rule allows cancellation or amendment
32 without agreement of the bank.

33 ~~(+a)~~ (1) With respect to a payment order accepted by a receiving
34 bank other than the beneficiary's bank, cancellation or amendment is
35 not effective unless a conforming cancellation or amendment of the
36 payment order issued by the receiving bank is also made.

1 ~~((b))~~ (2) With respect to a payment order accepted by the
2 beneficiary's bank, cancellation or amendment is not effective unless
3 the order was issued in execution of an unauthorized payment order, or
4 because of a mistake by a sender in the funds transfer which resulted
5 in the issuance of a payment order (i) that is a duplicate of a payment
6 order previously issued by the sender, (ii) that orders payment to a
7 beneficiary not entitled to receive payment from the originator, or
8 (iii) that orders payment in an amount greater than the amount the
9 beneficiary was entitled to receive from the originator. If the
10 payment order is canceled or amended, the beneficiary's bank is
11 entitled to recover from the beneficiary any amount paid to the
12 beneficiary to the extent allowed by the law governing mistake and
13 restitution.

14 ~~((4))~~ (d) An unaccepted payment order is canceled by operation of
15 law at the close of the fifth funds-transfer business day of the
16 receiving bank after the execution date or payment date of the order.

17 ~~((5))~~ (e) A canceled payment order cannot be accepted. If an
18 accepted payment order is canceled, the acceptance is nullified and no
19 person has any right or obligation based on the acceptance. Amendment
20 of a payment order is deemed to be cancellation of the original order
21 at the time of amendment and issue of a new payment order in the
22 amended form at the same time.

23 ~~((6))~~ (f) Unless otherwise provided in an agreement of the
24 parties or in a funds-transfer system rule, if the receiving bank,
25 after accepting a payment order, agrees to cancellation or amendment of
26 the order by the sender or is bound by a funds-transfer system rule
27 allowing cancellation or amendment without the bank's agreement, the
28 sender, whether or not cancellation or amendment is effective, is
29 liable to the bank for any loss and expenses, including reasonable
30 attorneys' fees, incurred by the bank as a result of the cancellation
31 or amendment or attempted cancellation or amendment.

32 ~~((7))~~ (g) A payment order is not revoked by the death or legal
33 incapacity of the sender unless the receiving bank knows of the death
34 or of an adjudication of incapacity by a court of competent
35 jurisdiction and has reasonable opportunity to act before acceptance of
36 the order.

37 ~~((8))~~ (h) A funds-transfer system rule is not effective to the
38 extent it conflicts with subsection ~~((3)(b))~~ (c)(2) of this section.

1 **Sec. 16.** RCW 62A.4A-212 and 1991 sp.s. c 21 s 4A-212 are each
2 amended to read as follows:

3 If a receiving bank fails to accept a payment order that ~~((fit))~~
4 it is obliged by express agreement to accept, the bank is liable for
5 breach of the agreement to the extent provided in the agreement or in
6 this Article, but does not otherwise have any duty to accept a payment
7 order or, before acceptance, to take any action, or refrain from taking
8 action, with respect to the order except as provided in this Article or
9 by express agreement. Liability based on acceptance arises only when
10 acceptance occurs as stated in RCW 62A.4A-209, and liability is limited
11 to that provided in this Article. A receiving bank is not the agent of
12 the sender or beneficiary of the payment order it accepts, or of any
13 other party to the funds transfer, and the bank owes no duty to any
14 party to the funds transfer except as provided in this Article or by
15 express agreement.

16 **Sec. 17.** RCW 62A.4A-301 and 1991 sp.s. c 21 s 4A-301 are each
17 amended to read as follows:

18 ~~((1))~~ (a) A payment order is "executed" by the receiving bank
19 when it issues a payment order intended to carry out the payment order
20 received by the bank. A payment order received by the beneficiary's
21 bank can be accepted but cannot be executed.

22 ~~((2))~~ (b) "Execution date" of a payment order means the day on
23 which the receiving bank may properly issue a payment order in
24 execution of the sender's order. The execution date may be determined
25 by instruction of the sender but cannot be earlier than the day the
26 order is received and, unless otherwise determined, is the day the
27 order is received. If the sender's instruction states a payment date,
28 the execution date is the payment date or an earlier date on which
29 execution is reasonably necessary to allow payment to the beneficiary
30 on the payment date.

31 **Sec. 18.** RCW 62A.4A-302 and 1991 sp.s. c 21 s 4A-302 are each
32 amended to read as follows:

33 ~~((1))~~ (a) Except as provided in subsections ~~((2) through (4))~~
34 (b) through (d) of this section, if the receiving bank accepts a
35 payment order pursuant to RCW 62A.4A-209~~((1))~~ (a), the bank has the
36 following obligations in executing the order.

1 ~~((a))~~ (1) The receiving bank is obliged to issue, on the
2 execution date, a payment order complying with the sender's order and
3 to follow the sender's instructions concerning (i) any intermediary
4 bank or funds-transfer system to be used in carrying out the funds
5 transfer, or (ii) the means by which payment orders are to be
6 transmitted in the funds transfer. If the originator's bank issues a
7 payment order to an intermediary bank, the originator's bank is obliged
8 to instruct the intermediary bank according to the instruction of the
9 originator. An intermediary bank in the funds transfer is similarly
10 bound by an instruction given to it by the sender of the payment order
11 it accepts.

12 ~~((b))~~ (2) If the sender's instruction states that the funds
13 transfer is to be carried out telephonically or by wire transfer or
14 otherwise indicates that the funds transfer is to be carried out by the
15 most expeditious means, the receiving bank is obliged to transmit its
16 payment order by the most expeditious available means, and to instruct
17 any intermediary bank accordingly. If a sender's instruction states a
18 payment date, the receiving bank is obliged to transmit its payment
19 order at a time and by means reasonably necessary to allow payment to
20 the beneficiary on the payment date or as soon thereafter as is
21 feasible.

22 ~~((2))~~ (b) Unless otherwise instructed, a receiving bank executing
23 a payment order may ~~((a))~~ (i) use any funds-transfer system if use of
24 that system is reasonable in the circumstances, and ~~((b))~~ (ii) issue
25 a payment order to the beneficiary's bank or to an intermediary bank
26 through which a payment order conforming to the sender's order can
27 expeditiously be issued to the beneficiary's bank if the receiving bank
28 exercises ordinary care in the selection of the intermediary bank. A
29 receiving bank is not required to follow an instruction of the sender
30 designating a funds-transfer system to be used in carrying out the
31 funds transfer if the receiving bank, in good faith, determines that it
32 is not feasible to follow the instruction or that following the
33 instruction would unduly delay completion of the funds transfer.

34 ~~((3))~~ (c) Unless subsection ~~((1)(b))~~ (a)(2) of this section
35 applies or the receiving bank is otherwise instructed, the bank may
36 execute a payment order by transmitting its payment order by first~~(())~~
37 class mail or by any means reasonable in the circumstances. If the
38 receiving bank is instructed to execute the sender's order by

1 transmitting its payment order by a particular means, the receiving
2 bank may issue its payment order by the means stated or by any means as
3 expeditious as the means stated.

4 ~~((4))~~ (d) Unless instructed by the sender, ~~((a))~~ (i) the
5 receiving bank may not obtain payment of its charges for services and
6 expenses in connection with the execution of the sender's order by
7 issuing a payment order in an amount equal to the amount of the
8 sender's order less the amount of the charges, and ~~((b))~~ (ii) may not
9 instruct a subsequent receiving bank to obtain payment of its charges
10 in the same manner.

11 **Sec. 19.** RCW 62A.4A-303 and 1991 sp.s. c 21 s 4A-303 are each
12 amended to read as follows:

13 ~~((1))~~ (a) A receiving bank that ~~((a))~~ (i) executes the payment
14 order of the sender by issuing a payment order in an amount greater
15 than the amount of the sender's order, or ~~((b))~~ (ii) issues a payment
16 order in execution of the sender's order and then issues a duplicate
17 order, is entitled to payment of the amount of the sender's order under
18 RCW 62A.4A-402~~((3))~~ (c) if that subsection is otherwise satisfied.
19 The bank is entitled to recover from the beneficiary of the erroneous
20 order the excess payment received to the extent allowed by the law
21 governing mistake and restitution.

22 ~~((2))~~ (b) A receiving bank that executes the payment order of the
23 sender by issuing a payment order in an amount less than the amount of
24 the sender's order is entitled to payment of the amount of the sender's
25 order under RCW 62A.4A-402~~((3))~~ (c) if ~~((a))~~ (i) that subsection is
26 otherwise satisfied and ~~((b))~~ (ii) the bank corrects its mistake by
27 issuing an additional payment order for the benefit of the beneficiary
28 of the sender's order. If the error is not corrected, the issuer of
29 the erroneous order is entitled to receive or retain payment from the
30 sender of the order it accepted only to the extent of the amount of the
31 erroneous order. This subsection does not apply if the receiving bank
32 executes the sender's payment order by issuing a payment order in an
33 amount less than the amount of the sender's order for the purpose of
34 obtaining payment of its charges for services and expenses pursuant to
35 instruction of the sender.

36 ~~((3))~~ (c) If a receiving bank executes the payment order of the
37 sender by issuing a payment order to a beneficiary different from the

1 beneficiary of the sender's order and the funds transfer is completed
2 on the basis of that error, the sender of the payment order that was
3 erroneously executed and all previous senders in the funds transfer are
4 not obliged to pay the payment orders they issued. The issuer of the
5 erroneous order is entitled to recover from the beneficiary of the
6 order the payment received to the extent allowed by the law governing
7 mistake and restitution.

8 **Sec. 20.** RCW 62A.4A-304 and 1991 sp.s. c 21 s 4A-304 are each
9 amended to read as follows:

10 If the sender of a payment order that is erroneously executed as
11 stated in RCW 62A.4A-303 receives notification from the receiving bank
12 that the order was executed or that the sender's account was debited
13 with respect to the order, the sender has a duty to exercise ordinary
14 care to determine, on the basis of information available to the sender,
15 that the order was erroneously executed and to notify the bank of the
16 relevant facts within a reasonable time not exceeding ninety days after
17 the notification from the bank was received by the sender. If the
18 sender fails to perform that duty, the bank is not obliged to pay
19 interest on any amount refundable to the sender under RCW
20 62A.4A-402(~~((4))~~) (d) for the period before the bank learns of the
21 execution error. The bank is not entitled to any recovery from the
22 sender on account of a failure by the sender to perform the duty stated
23 in this section.

24 **Sec. 21.** RCW 62A.4A-305 and 1991 sp.s. c 21 s 4A-305 are each
25 amended to read as follows:

26 (~~((1))~~) (a) If a funds transfer is completed but execution of a
27 payment order by the receiving bank in breach of RCW 62A.4A-302 results
28 in delay in payment to the beneficiary, the bank is obliged to pay
29 interest to either the originator or the beneficiary of the funds
30 transfer for the period of delay caused by the improper execution.
31 Except as provided in subsection (~~((3))~~) (c) of this section,
32 additional damages are not recoverable.

33 (~~((2))~~) (b) If execution of a payment order by a receiving bank in
34 breach of RCW 62A.4A-302 results in (~~((a))~~) (i) noncompletion of the
35 funds transfer, (~~((b))~~) (ii) failure to use an intermediary bank
36 designated by the originator, or (~~((c))~~) (iii) issuance of a payment

1 order that does not comply with the terms of the payment order of the
2 originator, the bank is liable to the originator for its expenses in
3 the funds transfer and for incidental expenses and interest losses, to
4 the extent not covered by subsection ~~((1))~~ (a) of this section,
5 resulting from the improper execution. Except as provided in
6 subsection ~~((3))~~ (c) of this section, additional damages are not
7 recoverable.

8 ~~((3))~~ (c) In addition to the amounts payable under subsections
9 ~~((1) and (2))~~ (a) and (b) of this section, damages, including
10 consequential damages, are recoverable to the extent provided in an
11 express written agreement of the receiving bank.

12 ~~((4))~~ (d) If a receiving bank fails to execute a payment order it
13 was obliged by express agreement to execute, the receiving bank is
14 liable to the sender for its expenses in the transaction and for
15 incidental expenses and interest losses resulting from the failure to
16 execute. Additional damages, including consequential damages, are
17 recoverable to the extent provided in an express written agreement of
18 the receiving bank, but are not otherwise recoverable.

19 ~~((5))~~ (e) Reasonable attorneys' fees are recoverable if demand
20 for compensation under subsection ~~((1) or (2))~~ (a) or (b) of this
21 section is made and refused before an action is brought on the claim.
22 If a claim is made for breach of an agreement under subsection ~~((4))~~
23 (d) of this section and the agreement does not provide for damages,
24 reasonable attorneys' fees are recoverable if demand for compensation
25 under subsection ~~((4))~~ (d) of this section is made and refused before
26 an action is brought on the claim.

27 ~~((6))~~ (f) Except as stated in this section, the liability of a
28 receiving bank under subsections ~~((1) and (2))~~ (a) and (b) of this
29 section may not be varied by agreement.

30 **Sec. 22.** RCW 62A.4A-402 and 1991 sp.s. c 21 s 4A-402 are each
31 amended to read as follows:

32 ~~((1))~~ (a) This section is subject to RCW 62A.4A-205 and
33 62A.4A-207.

34 ~~((2))~~ (b) With respect to a payment order issued to the
35 beneficiary's bank, acceptance of the order by the bank obliges the
36 sender to pay the bank the amount of the order, but payment is not due
37 until the payment date of the order.

1 ~~((3))~~ (c) This subsection is subject to subsection ~~((5))~~ (e) of
2 this section and to RCW 62A.4A-303. With respect to a payment order
3 issued to a receiving bank other than the beneficiary's bank,
4 acceptance of the order by the receiving bank obliges the sender to pay
5 the bank the amount of the sender's order. Payment by the sender is
6 not due until the execution date of the sender's order. The obligation
7 of that sender to pay its payment order is excused if the funds
8 transfer is not completed by acceptance by the beneficiary's bank of a
9 payment order instructing payment to the beneficiary of that sender's
10 payment order.

11 ~~((4))~~ (d) If the sender of a payment order pays the order and was
12 not obliged to pay all or part of the amount paid, the bank receiving
13 payment is obliged to refund payment to the extent the sender was not
14 obliged to pay. Except as provided in RCW 62A.4A-204 and 62A.4A-304,
15 interest is payable on the refundable amount from the date of payment.

16 ~~((5))~~ (e) If a funds transfer is not completed as stated in
17 ~~((this subsection))~~ (c) of this section and an intermediary bank is
18 obliged to refund payment as stated in subsection ~~((4))~~ (d) of this
19 section but is unable to do so because not permitted by applicable law
20 or because the bank suspends payments, a sender in the funds transfer
21 that executed a payment order in compliance with an instruction, as
22 stated in RCW 62A.4A-302~~((1)(a))~~ (a)(1), to route the funds transfer
23 through that intermediary bank is entitled to receive or retain payment
24 from the sender of the payment order that it accepted. The first
25 sender in the funds transfer that issued an instruction requiring
26 routing through that intermediary bank is subrogated to the right of
27 the bank that paid the intermediary bank to refund as stated in
28 subsection ~~((4))~~ (d) of this section.

29 ~~((6))~~ (f) The right of the sender of a payment order to be
30 excused from the obligation to pay the order as stated in subsection
31 ~~((3))~~ (c) of this section or to receive refund under subsection
32 ~~((4))~~ (d) of this section may not be varied by agreement.

33 **Sec. 23.** RCW 62A.4A-403 and 1991 sp.s. c 21 s 4A-403 are each
34 amended to read as follows:

35 ~~((1))~~ (a) Payment of the sender's obligation under RCW 62A.4A-402
36 to pay the receiving bank occurs as follows:

1 (~~(a)~~) (1) If the sender is a bank, payment occurs when the
2 receiving bank receives final settlement of the obligation through a
3 federal reserve bank or through a funds-transfer system.

4 (~~(b)~~) (2) If the sender is a bank and the sender (i) credited an
5 account of the receiving bank with the sender, or (ii) caused an
6 account of the receiving bank in another bank to be credited, payment
7 occurs when the credit is withdrawn or, if not withdrawn, at midnight
8 of the day on which the credit is withdrawable and the receiving bank
9 learns of that fact.

10 (~~(c)~~) (3) If the receiving bank debits an account of the sender
11 with the receiving bank, payment occurs when the debit is made to the
12 extent the debit is covered by a withdrawable credit balance in the
13 account.

14 (~~(2)~~) (b) If the sender and receiving bank are members of a
15 funds-transfer system that nets obligations multilaterally among
16 participants, the receiving bank receives final settlement when
17 settlement is complete in accordance with the rules of the system. The
18 obligation of the sender to pay the amount of a payment order
19 transmitted through the funds-transfer system may be satisfied, to the
20 extent permitted by the rules of the system, by setting off and
21 applying against the sender's obligation the right of the sender to
22 receive payment from the receiving bank of the amount of any other
23 payment order transmitted to the sender by the receiving bank through
24 the funds-transfer system. The aggregate balance of obligations owed
25 by each sender to each receiving bank in the funds-transfer system may
26 be satisfied, to the extent permitted by the rules of the system, by
27 setting off and applying against that balance the aggregate balance of
28 obligations owed to the sender by other members of the system. The
29 aggregate balance is determined after the right of setoff stated in the
30 second sentence of this subsection has been exercised.

31 (~~(3)~~) (c) If two banks transmit payment orders to each other
32 under an agreement that settlement of the obligations of each bank to
33 the other under RCW 62A.4A-402 will be made at the end of the day or
34 other period, the total amount owed with respect to all orders
35 transmitted by one bank shall be set off against the total amount owed
36 with respect to all orders transmitted by the other bank. To the
37 extent of the setoff, each bank has made payment to the other.

1 ~~((4))~~ (d) In a case not covered by subsection ~~((1))~~ (a) of this
2 section, the time when payment of the sender's obligation under RCW
3 62A.4A-402 ~~((2) or (3))~~ (b) or (c) occurs is governed by applicable
4 principles of law that determine when an obligation is satisfied.

5 **Sec. 24.** RCW 62A.4A-404 and 1991 sp.s. c 21 s 4A-404 are each
6 amended to read as follows:

7 ~~((1))~~ (a) Subject to RCW 62A.4A-211~~((5))~~ (e), 62A.4A-405~~((4))~~
8 (d), and 62A.4A-405~~((5))~~ (e), if a beneficiary's bank accepts a
9 payment order, the bank is obliged to pay the amount of the order to
10 the beneficiary of the order. Payment is due on the payment date of
11 the order, but if acceptance occurs on the payment date after the close
12 of the funds-transfer business day of the bank, payment is due on the
13 next funds-transfer business day. If the bank refuses to pay after
14 demand by the beneficiary and receipt of notice of particular
15 circumstances that will give rise to consequential damages as a result
16 of nonpayment, the beneficiary may recover damages resulting from the
17 refusal to pay to the extent the bank had notice of the damages, unless
18 the bank proves that it did not pay because of a reasonable doubt
19 concerning the right of the beneficiary to payment.

20 ~~((2))~~ (b) If a payment order accepted by the beneficiary's bank
21 instructs payment to an account of the beneficiary, the bank is obliged
22 to notify the beneficiary of receipt of the order before midnight of
23 the next funds-transfer business day following the payment date. If
24 the payment order does not instruct payment to an account of the
25 beneficiary, the bank is required to notify the beneficiary only if
26 notice is required by the order. Notice may be given by first-class
27 mail or any other means reasonable in the circumstances. If the bank
28 fails to give the required notice, the bank is obliged to pay interest
29 to the beneficiary on the amount of the payment order from the day
30 notice should have been given until the day the beneficiary learned of
31 receipt of the payment order by the bank. No other damages are
32 recoverable. Reasonable attorneys' fees are also recoverable if demand
33 for interest is made and refused before an action is brought on the
34 claim.

35 ~~((3))~~ (c) The right of a beneficiary to receive payment and
36 damages as stated in subsection (a) ~~([subsection (1) of this~~
37 ~~section])~~ of this section may not be varied by agreement or a funds-

1 transfer system rule. The right of a beneficiary to be notified as
2 stated in subsection ~~((+2))~~ (b) of this section may be varied by
3 agreement of the beneficiary or by a funds-transfer system rule if the
4 beneficiary is notified of the rule before initiation of the funds
5 transfer.

6 **Sec. 25.** RCW 62A.4A-405 and 1991 sp.s. c 21 s 4A-405 are each
7 amended to read as follows:

8 ~~((+1))~~ (a) If the beneficiary's bank credits an account of the
9 beneficiary of a payment order, payment of the bank's obligation under
10 RCW 62A.4A-404~~((+1))~~ (a) occurs when and to the extent ~~((+a))~~ (i) the
11 beneficiary is notified of the right to withdraw the credit, ~~((+b))~~
12 (ii) the bank lawfully applies the credit to a debt of the beneficiary,
13 or ~~((+c))~~ (iii) funds with respect to the order are otherwise made
14 available to the beneficiary by the bank.

15 ~~((+2))~~ (b) If the beneficiary's bank does not credit an account of
16 the beneficiary of a payment order, the time when payment of the bank's
17 obligation under RCW 62A.4A-404~~((+1))~~ (a) occurs is governed by
18 principles of law that determine when an obligation is satisfied.

19 ~~((+3))~~ (c) Except as stated in subsections ~~((+4) and (+5))~~ (d) and
20 (e) of this ~~((act-[section]))~~ section, if the beneficiary's bank pays
21 the beneficiary of a payment order under a condition to payment or
22 agreement of the beneficiary giving the bank the right to recover
23 payment from the beneficiary if the bank does not receive payment of
24 the order, the condition to payment or agreement is not enforceable.

25 ~~((+4))~~ (d) A funds-transfer system rule may provide that payments
26 made to beneficiaries of funds transfers made through the system are
27 provisional until receipt of payment by the beneficiary's bank of the
28 payment order it accepted. A beneficiary's bank that makes a payment
29 that is provisional under the rule is entitled to refund from the
30 beneficiary if ~~((+a))~~ (i) the rule requires that both the beneficiary
31 and the originator be given notice of the provisional nature of the
32 payment before the funds transfer is initiated, ~~((+b))~~ (ii) the
33 beneficiary, the beneficiary's bank and the originator's bank agreed to
34 be bound by the rule, and ~~((+c))~~ (iii) the beneficiary's bank did not
35 receive payment of the payment order that it accepted. If the
36 beneficiary is obliged to refund payment to the beneficiary's bank,

1 acceptance of the payment order by the beneficiary's bank is nullified
2 and no payment by the originator of the funds transfer to the
3 beneficiary occurs under RCW 62A.4A-406.

4 ~~((+5+))~~ (e) This subsection applies to a funds transfer that
5 includes a payment order transmitted over a funds-transfer system that
6 ~~((+a+))~~ (i) nets obligations multilaterally among participants, and
7 ~~((+b+))~~ (ii) has in effect a loss-sharing agreement among participants
8 for the purpose of providing funds necessary to complete settlement of
9 the obligations of one or more participants that do not meet their
10 settlement obligations. If the beneficiary's bank in the funds
11 transfer accepts a payment order and the system fails to complete
12 settlement pursuant to its rules with respect to any payment order in
13 the funds transfer, (i) the acceptance by the beneficiary's bank is
14 nullified and no person has any right or obligation based on the
15 acceptance, (ii) the beneficiary's bank is entitled to recover payment
16 from the beneficiary, (iii) no payment by the originator to the
17 beneficiary occurs under RCW 62A.4A-406, and (iv) subject to RCW
18 62A.4A-402~~((+5+))~~ (e), ~~((each sender in the funds transfer is excused
19 from its obligation to pay its payment order under RCW 62A.4A-402(5),))~~
20 each sender in the funds transfer is excused from its obligation to pay
21 its payment order under RCW 62A.4A-402~~((+3+))~~ (c) because the funds
22 transfer has not been completed.

23 **Sec. 26.** RCW 62A.4A-406 and 1991 sp.s. c 21 s 4A-406 are each
24 amended to read as follows:

25 ~~((+1+))~~ (a) Subject to RCW 62A.4A-211~~((+5+))~~ (e), 62A.4A-405~~((+4+))~~
26 (d), and 62A.4A-405~~((+5+))~~ (e), the originator of a funds transfer pays
27 the beneficiary of the originator's payment order ~~((+a+))~~ (i) at the
28 time a payment order for the benefit of the beneficiary is accepted by
29 the beneficiary's bank in the funds transfer and ~~((+b+))~~ (ii) in an
30 amount equal to the amount of the order accepted by the beneficiary's
31 bank, but not more than the amount of the originator's order.

32 ~~((+2+))~~ (b) If payment under subsection ~~((+1+))~~ (a) of this section
33 is made to satisfy an obligation, the obligation is discharged to the
34 same extent discharge would result from payment to the beneficiary of
35 the same amount in money, unless ~~((+a+))~~ (i) the payment under
36 subsection ~~((+1+))~~ (a) of this section was made by a means prohibited
37 by the contract of the beneficiary with respect to the obligation,

1 (~~(b)~~) (ii) the beneficiary, within a reasonable time after receiving
2 notice of receipt of the order by the beneficiary's bank, notified the
3 originator of the beneficiary's refusal of the payment, (~~(e)~~) (iii)
4 funds with respect to the order were not withdrawn by the beneficiary
5 or applied to a debt of the beneficiary, and (~~(d)~~) (iv) the
6 beneficiary would suffer a loss that could reasonably have been avoided
7 if payment had been made by a means complying with the contract. If
8 payment by the originator does not result in discharge under this
9 section, the originator is subrogated to the rights of the beneficiary
10 to receive payment from the beneficiary's bank under RCW
11 62A.4A-404(~~(1)~~) (a).

12 (~~(3)~~) (c) For the purpose of determining whether discharge of an
13 obligation occurs under subsection (~~(2)~~) (b) of this section, if the
14 beneficiary's bank accepts a payment order in an amount equal to the
15 amount of the originator's payment order less charges of one or more
16 receiving banks in the funds transfer, payment to the beneficiary is
17 deemed to be in the amount of the originator's order unless upon demand
18 by the beneficiary the originator does not pay the beneficiary the
19 amount of the deducted charges.

20 (~~(4)~~) (d) Rights of the originator or of the beneficiary of a
21 funds transfer under this section may be varied only by agreement of
22 the originator and the beneficiary.

23 **Sec. 27.** RCW 62A.4A-501 and 1991 sp.s. c 21 s 4A-501 are each
24 amended to read as follows:

25 (~~(1)~~) (a) Except as otherwise provided in this Article, the
26 rights and obligations of a party to a funds transfer may be varied by
27 agreement of the affected party.

28 (~~(2)~~) (b) "Funds-transfer system rule" means a rule of an
29 association of banks (~~(a)~~) (i) governing transmission of payment
30 orders by means of a funds-transfer system of the association or rights
31 and obligations with respect to those orders, or (~~(b)~~) (ii) to the
32 extent the rule governs rights and obligations between banks that are
33 parties to a funds transfer in which a federal reserve bank, acting as
34 an intermediary bank, sends a payment order to the beneficiary's bank.
35 Except as otherwise provided in this Article, a funds-transfer system
36 rule governing rights and obligations between participating banks using
37 the system may be effective even if the rule conflicts with (~~(the)~~)

1 this Article and indirectly affects another party to the funds transfer
2 who does not consent to the rule. A funds-transfer system rule may
3 also govern rights and obligations of parties other than participating
4 banks using the system to the extent stated in RCW 62A.4A-404(~~(+3)~~)
5 (c), 62A.4A-405(~~(+4)~~) (d), and 62A.4A-507(~~(+3)~~) (c).

6 **Sec. 28.** RCW 62A.4A-502 and 1991 sp.s. c 21 s 4A-502 are each
7 amended to read as follows:

8 ~~(+1)~~ (a) As used in this section, "creditor process" means levy,
9 attachment, garnishment, notice of lien, sequestration, or similar
10 process issued by or on behalf of a creditor or other claimant with
11 respect to an account.

12 ~~(+2)~~ (b) This subsection applies to creditor process with
13 respect to an authorized account of the sender of a payment order if
14 the creditor process is served on the receiving bank. For the purpose
15 of determining rights with respect to the creditor process, if the
16 receiving bank accepts the payment order the balance in the authorized
17 account is deemed to be reduced by the amount of the payment order to
18 the extent the bank did not otherwise receive payment of the order,
19 unless the creditor process is served at ~~(the)~~ a time and in a manner
20 affording the bank a reasonable opportunity to act on it before the
21 bank accepts the payment order.

22 ~~(+3)~~ (c) If a beneficiary's bank has received a payment order
23 for payment to the beneficiary's account in the bank, the following
24 rules apply:

25 ~~(+a)~~ (1) The bank may credit the beneficiary's account. The
26 amount credited may be set off against an obligation owed by the
27 beneficiary to the bank or may be applied to satisfy creditor process
28 served on the bank with respect to the account.

29 ~~(+b)~~ (2) The bank may credit the beneficiary's account and allow
30 withdrawal of the amount credited unless creditor process with respect
31 to the account is served at ~~(the)~~ a time and in a manner affording
32 the bank a reasonable opportunity to act to prevent withdrawal.

33 ~~(+c)~~ (3) If creditor process with respect to the beneficiary's
34 account has been served and the bank has had a reasonable opportunity
35 to act on it, the bank may not reject the payment order except for a
36 reason unrelated to the service of process.

1 (~~(4)~~) (d) Creditor process with respect to a payment by the
2 originator to the beneficiary pursuant to a funds transfer may be
3 served only on the beneficiary's bank with respect to the debt owed by
4 that bank to the beneficiary. Any other bank served with the creditor
5 process is not obliged to act with respect to the process.

6 **Sec. 29.** RCW 62A.4A-503 and 1991 sp.s. c 21 s 4A-503 are each
7 amended to read as follows:

8 For proper cause and in compliance with applicable law, a court may
9 restrain (~~(1)~~) (i) a person from issuing a payment order to initiate
10 a funds transfer, (~~(2)~~) (ii) an originator's bank from executing the
11 payment order of the originator, or (~~(3)~~) (iii) the beneficiary's
12 bank from releasing funds to the beneficiary or the beneficiary from
13 withdrawing the funds. A court may not otherwise restrain a person
14 from issuing a payment order, paying or receiving payment of a payment
15 order, or otherwise acting with respect to a funds transfer.

16 **Sec. 30.** RCW 62A.4A-504 and 1991 sp.s. c 21 s 4A-504 are each
17 amended to read as follows:

18 (~~(1)~~) (a) If a receiving bank has received more than one payment
19 order of the sender or one or more payment orders and other items that
20 are payable from the sender's account, the bank may charge the sender's
21 account with respect to the various orders and items in any sequence.

22 (~~(2)~~) (b) In determining whether a credit to an account has been
23 withdrawn by the holder of the account or applied to a debt of the
24 holder of the account, credits first made to the account are first
25 withdrawn or applied.

26 **Sec. 31.** RCW 62A.4A-506 and 1991 sp.s. c 21 s 4A-506 are each
27 amended to read as follows:

28 (~~(1)~~) (a) If, under this Article, a receiving bank is obliged to
29 pay interest with respect to a payment order issued to the bank, the
30 amount payable may be determined (~~(a)~~) (i) by agreement of the sender
31 and receiving bank, or (~~(b)~~) (ii) by a funds-transfer system rule if
32 the payment order is transmitted through a funds-transfer system.

33 (~~(2)~~) (b) If the amount of interest is not determined by an
34 agreement or rule as stated in subsection (~~(1)~~) (a) of this section,
35 the amount is calculated by multiplying the applicable federal funds

1 rate by the amount on which interest is payable, and then multiplying
2 the product by the number of days for which interest is payable. The
3 applicable federal funds rate is the average of the federal funds rates
4 published by the federal reserve bank of New York for each of the days
5 for which interest is payable divided by three hundred sixty. The
6 federal funds rate for any day on which a published rate is not
7 available is the same as the published rate for the next preceding day
8 for which there is a published rate. If a receiving bank that accepted
9 a payment order is required to refund payment to the sender of the
10 order because the funds transfer was not completed, but the failure to
11 complete was not due to any fault by the bank, the interest payable is
12 reduced by a percentage equal to the reserve requirement on deposits of
13 the receiving bank.

14 **Sec. 32.** RCW 62A.4A-507 and 1991 sp.s. c 21 s 4A-507 are each
15 amended to read as follows:

16 ~~((1))~~ (a) The following rules apply unless the affected parties
17 otherwise agree or subsection ~~((3))~~ (c) of this section applies~~((+))~~:

18 ~~((a))~~ (1) The rights and obligations between the sender of a
19 payment order and the receiving bank are governed by the law of the
20 jurisdiction in which the receiving bank is located.

21 ~~((b))~~ (2) The rights and obligations between the beneficiary's
22 bank and the beneficiary are governed by the law of the jurisdiction in
23 which the beneficiary's bank is located.

24 ~~((e))~~ (3) The issue of when payment is made pursuant to a funds
25 transfer by the originator to the beneficiary is governed by the law of
26 the jurisdiction in which the beneficiary's bank is located.

27 ~~((2))~~ (b) If the parties described in each paragraph of
28 subsection ~~((1))~~ (a) of this section have made an agreement selecting
29 the law of a particular jurisdiction to govern rights and obligations
30 between each other, the law of that jurisdiction governs those rights
31 and obligations, whether or not the payment order or the funds transfer
32 bears a reasonable relation to that jurisdiction.

33 ~~((3))~~ (c) A funds-transfer system rule may select the law of a
34 particular jurisdiction to govern ~~((a))~~ (i) rights and obligations
35 between participating banks with respect to payment orders transmitted
36 or processed through the system, or ~~((b))~~ (ii) the rights and
37 obligations of some or all parties to a funds transfer any part of

1 which is carried out by means of the system. A choice of law made
2 pursuant to ~~((+a+))~~ clause (i) of this subsection is binding on
3 participating banks. A choice of law made pursuant to ~~((+b+))~~ clause
4 (ii) of this subsection is binding on the originator, other sender, or
5 a receiving bank having notice that the funds-transfer system might be
6 used in the funds transfer and of the choice of law by the system when
7 the originator, other sender, or receiving bank issued or accepted a
8 payment order. The beneficiary of a funds transfer is bound by the
9 choice of law if, when the funds transfer is initiated, the beneficiary
10 has notice that the funds-transfer system might be used in the funds
11 transfer and of the choice of law by the system. The law of a
12 jurisdiction selected pursuant to this subsection may govern, whether
13 or not that law bears a reasonable relation to the matter in issue.

14 ~~((+4+))~~ (d) In the event of inconsistency between an agreement
15 under subsection ~~((+2+))~~ (b) of this section and a choice-of-law rule
16 under subsection ~~((+3+))~~ (c) of this section, the agreement under
17 subsection ~~((+2+))~~ (b) of this section prevails.

18 ~~((+5+))~~ (e) If a funds transfer is made by use of more than one
19 funds-transfer system and there is inconsistency between choice-of-law
20 rules of the systems, the matter in issue is governed by the law of the
21 selected jurisdiction that has the most significant relationship to the
22 matter in issue.

23 **Sec. 33.** RCW 62A.9A-502 and 2000 c 250 s 9A-502 are each amended
24 to read as follows:

25 (a) **Sufficiency of financing statement.** Subject to subsection (b)
26 of this section, a financing statement is sufficient only if it:

- 27 (1) Provides the name of the debtor;
28 (2) Provides the name of the secured party or a representative of
29 the secured party; and
30 (3) Indicates the collateral covered by the financing statement.

31 (b) **Real-property-related financing statements.** Except as
32 otherwise provided in RCW 62A.9A-501(b), to be sufficient, a financing
33 statement that covers as-extracted collateral or timber to be cut, or
34 which is filed as a fixture filing and covers goods that are or are to
35 become fixtures, must satisfy subsection (a) of this section and also:

- 36 (1) Indicate that it covers this type of collateral;

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

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

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

9 (c) **Record of mortgage as financing statement.** A record of a
10 mortgage is effective, from the date of recording, as a financing
11 statement filed as a fixture filing or as a financing statement
12 covering as-extracted collateral or timber to be cut only if:

13 (1) The record indicates the goods or accounts that it covers;

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

18 (3) The record satisfies the requirements for a financing statement
19 in this section (~~(other than an indication)~~), but:

20 (A) The record need not indicate that it is to be filed in the real
21 property records; and

22 (B) The record sufficiently provides the name of a debtor who is an
23 individual if it provides the individual name of the debtor or the
24 surname and first personal name of the debtor, even if the debtor is an
25 individual to whom RCW 62A.9A-503(a)(4) applies; and

26 (4) The record is recorded.

27 (d) **Filing before security agreement or attachment.** A financing
28 statement may be filed before a security agreement is made or a
29 security interest otherwise attaches.

30 **Sec. 34.** RCW 62A.9A-503 and 2011 c 74 s 401 are each amended to
31 read as follows:

32 (a) **Sufficiency of debtor's name.** A financing statement
33 sufficiently provides the name of the debtor:

34 (1) Except as otherwise provided in (3) of this subsection (a), if
35 the debtor is a registered organization or the collateral is held in a
36 trust that is a registered organization, only if the financing
37 statement provides the name that is stated to be the registered

1 organization's name on the public organic record most recently filed
2 with or issued or enacted by the registered organization's jurisdiction
3 of organization which purports to state, amend, or restate the
4 registered organization's name;

5 (2) Subject to subsection (f) of this section, if the collateral is
6 being administered by the personal representative of a decedent, only
7 if the financing statement provides, as the name of the debtor, the
8 name of the decedent and, in a separate part of the financing
9 statement, indicates that the collateral is being administered by a
10 personal representative;

11 (3) If the collateral is held in a trust that is not a registered
12 organization, only if the financing statement:

13 (A) Provides, as the name of the debtor:

14 (i) If the organic record of the trust specifies a name for the
15 trust, the name specified; or

16 (ii) If the organic record of the trust does not specify a name for
17 the trust, the name of the settlor or testator; and

18 (B) In a separate part of the financing statement:

19 (i) If the name is provided in accordance with (3)(A)(i) of this
20 subsection, indicates that the collateral is held in a trust; or

21 (ii) If the name is provided in accordance with (3)(A)(ii) of this
22 subsection, provides additional information sufficient to distinguish
23 the trust from other trusts having one or more of the same settlors or
24 the same testator and indicates that the collateral is held in a trust,
25 unless the additional information so indicates;

26 (4) Subject to subsection (g) of this section, if the debtor is an
27 individual to whom this state has issued a driver's license or
28 identification card that has not expired, only if the financing
29 statement((÷

30 ~~(A) Provides the individual name of the debtor;~~

31 ~~(B) Provides the surname and first personal name of the debtor; or~~

32 ~~(C) Subject to subsection (g) of this section,)) provides the name~~

33 of the individual which is indicated on ((a)) the driver's license or
34 identification card ((that this state has issued to the individual and
35 which has not expired));

36 (5) If the debtor is an individual to whom (4) of this subsection
37 (a) does not apply, only if the financing statement provides the

1 individual name of the debtor or the surname and first personal name of
2 the debtor; and

3 ((+5)) (6) In other cases:

4 (A) If the debtor has a name, only if the financing statement
5 provides the organizational name of the debtor; and

6 (B) If the debtor does not have a name, only if the financing
7 statement provides the names of the partners, members, associates, or
8 other persons comprising the debtor, in a manner that each name
9 provided would be sufficient if the person named were the debtor.

10 (b) **Additional debtor-related information.** A financing statement
11 that provides the name of the debtor in accordance with subsection (a)
12 of this section is not rendered ineffective by the absence of:

13 (1) A trade name or other name of the debtor; or

14 (2) Unless required under subsection ((+a)(5)(B)) (a)(6)(B) of
15 this section, names of partners, members, associates, or other persons
16 comprising the debtor.

17 (c) **Debtor's trade name insufficient.** A financing statement that
18 provides only the debtor's trade name does not sufficiently provide the
19 name of the debtor.

20 (d) **Representative capacity.** Failure to indicate the
21 representative capacity of a secured party or representative of a
22 secured party does not affect the sufficiency of a financing statement.

23 (e) **Multiple debtors and secured parties.** A financing statement
24 may provide the name of more than one debtor and the name of more than
25 one secured party.

26 (f) **Name of decedent.** The name of the decedent indicated on the
27 order appointing the personal representative of the decedent issued by
28 the court having jurisdiction over the collateral is sufficient as the
29 "name of the decedent" under subsection (a)(2) of this section.

30 (g) **Multiple driver's licenses.** If this state has issued to an
31 individual more than one driver's license or identification card of a
32 kind described in subsection (a)(4) of this section, the one that was
33 issued most recently is the one to which subsection (a)(4) of this
34 section refers.

35 (h) **Definition.** In this section, the "name of the settlor or
36 testator" means:

37 (1) If the settlor is a registered organization, the name that is
38 stated to be the settlor's name on the public organic record most

1 recently filed with or issued or enacted by the settlor's jurisdiction
2 of organization which purports to state, amend, or restate the
3 settlor's name; or

4 (2) In other cases, the name of the settlor or testator indicated
5 in the trust's organic record.

6 NEW SECTION. **Sec. 35.** Section captions as used in this act are
7 law.

8 NEW SECTION. **Sec. 36.** Sections 33 and 34 of this act are
9 necessary for the immediate preservation of the public peace, health,
10 or safety, or support of the state government and its existing public
11 institutions, and take effect July 1, 2013."

SHB 1115 - S COMM AMD
By Committee on Law & Justice

ADOPTED 04/12/2013

12 On page 1, line 1 of the title, after "code;" strike the remainder
13 of the title and insert "amending RCW 62A.4A-108, 62A.4A-103, 62A.4A-
14 104, 62A.4A-105, 62A.4A-106, 62A.4A-202, 62A.4A-203, 62A.4A-204,
15 62A.4A-205, 62A.4A-206, 62A.4A-207, 62A.4A-208, 62A.4A-209, 62A.4A-210,
16 62A.4A-211, 62A.4A-212, 62A.4A-301, 62A.4A-302, 62A.4A-303, 62A.4A-304,
17 62A.4A-305, 62A.4A-402, 62A.4A-403, 62A.4A-404, 62A.4A-405, 62A.4A-406,
18 62A.4A-501, 62A.4A-502, 62A.4A-503, 62A.4A-504, 62A.4A-506, 62A.4A-507,
19 62A.9A-502, and 62A.9A-503; creating a new section; providing an
20 effective date; and declaring an emergency."

EFFECT: The changes made to the requirements for financing
statements are effective as of July 1, 2013.

--- END ---