

CHAPTER 249.

[H. B. 336.]

TRUST RECEIPTS.

AN ACT relating to trust receipts; amending section 2, chapter 71, Laws of 1943 and RCW 61.20.020; and amending section 8, chapter 71, Laws of 1943 and RCW 61.20.080.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. Section 2, chapter 71, Laws of 1943 and RCW 61.20.020 are each amended to read as follows:

RCW 61.20.020 amended.

(1) A trust receipt transaction, within the meaning of this chapter, is any transaction to which an entruster and a trustee are parties, for one of the purposes set forth in subsection (3) whereby:

"Trust receipt" and "trust receipt transaction" defined.

(a) The entruster or any third person delivers to the trustee goods, documents, or instruments in which the entruster (i) prior to the transaction has, or for new value (ii) by the transaction acquires, or (iii) as the result thereof is to acquire promptly, a security interest; or

(b) The entruster gives new value in reliance upon the transfer by the trustee to such entruster of a security interest in instruments or documents which are actually exhibited to such entruster, or to his agent in that behalf, at a place of business of either entruster or agent, but possession of which is retained by the trustee; or

(c) Pursuant to a trust receipt, a motor vehicle, house trailer, trailer, semitrailer, boat, aircraft, or farm machinery dealer as trustee obtains new value from an entruster upon the transfer to the latter of a security interest in new or used motor vehicles, house trailers, trailers, semitrailers, boats, aircraft or farm machinery identifiable by the manufacturer's serial or identification number, whether or not such vehicles, trailers, boats, aircraft or farm machinery are owned or possessed by the trustee prior or sub-

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sequent to the execution of the trust receipt document, and whether or not such vehicles, trailers, boats, aircraft or farm machinery are thereafter retained in the trustee's possession: *Provided*, That the delivery under paragraph (a) or the giving of new value under paragraph (b) or (c), either:

(i) Be against the signing and delivery by the trustee of a writing designating the goods, documents, or instruments concerned, and reciting that a security interest therein remains in or will remain in, or has passed to or will pass to, the entruster; or

(ii) Be pursuant to a prior or concurrent written and signed agreement of the trustee to give such a writing.

The security interest of the entruster may be derived from the trustee or from any other person, and by pledge or by transfer of title or otherwise.

If the trustee's rights in the goods, documents or instruments are subject to a prior trust receipt transaction, or to a prior equitable pledge, RCW 61.20.090 and 61.20.030, respectively, of this chapter, shall determine the priorities.

(2) A writing such as is described in subsection (1), paragraph (b) (i), signed by the trustee, and given in or pursuant to such a transaction, is designated in this chapter as a "trust receipt." No further formality of execution or authentication shall be necessary to the validity of a trust receipt.

(3) A transaction shall not be deemed a trust receipt transaction unless the possession of the trustee thereunder is for a purpose substantially equivalent to any one of the following:

(a) In the case of goods, documents, or instruments, for the purpose of selling or exchanging them, or of procuring their sale or exchange; or

(b) In the case of goods or documents, for the purpose of manufacturing or processing the goods delivered or covered by the documents, with the

purpose of ultimate sale, or for the purpose of loading, unloading, storing, shipping, transshipping, or otherwise dealing with them in a manner preliminary to or necessary to their sale; or

(c) In the case of instruments, for the purpose of delivering them to a principal, under whom the trustee is holding them, or for consummation of some transaction involving delivery to a depositary or registrar, or for their presentation, collection, or renewal.

SEC. 2. Section 8, chapter 71, Laws of 1943 and RCW 61.20.080 are each amended to read as follows:

RCW 61.20.080 amended.

(1) The entruster's security interest in goods, documents, or instruments under the written terms of a trust receipt transaction, shall without any filing, be valid as against all creditors of the trustee, with or without notice, for thirty days after delivery of the goods, documents, or instruments to the trustee, and thereafter except as in this chapter otherwise provided.

Validity as against creditors.

But where the trustee at the time of the trust receipt transaction has and retains goods, documents, or instruments the thirty days shall be reckoned, in the case of goods from the time that the entruster gives new value under the transaction and in the case of instruments or documents from the time such instruments or documents are actually shown to the entruster, or the entruster gives new value, whichever is prior.

(2) Save as provided in subsection (1), the entruster's security interest shall be void as against lien creditors who become such after such thirty day period and without notice of such interest and before filing.

(3) (a) Where a creditor secures the issuance of process which within a reasonable time after such issuance results in attachment of or levy on the goods,

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he is deemed to have become a lien creditor as of the date of the issuance of the process.

(b) Unless prior to the acquisition of notice by all creditors filing has occurred or possession has been taken by the entruster, (i) an assignee for the benefit of creditors, from the time of assignment, or (ii) a receiver in equity from the time of his appointment, or (iii) a trustee in bankruptcy or judicial insolvency proceedings from the time of filing of the petition in bankruptcy or judicial insolvency by or against the trustee, shall, on behalf of all creditors, stand in the position of a lien creditor without notice, without reference to whether he personally has or has not, in fact, notice of the entruster's interest.

Passed the House February 19, 1957.

Passed the Senate March 11, 1957.

Approved by the Governor March 23, 1957.

CHAPTER 250.

[H. B. 342.]

MILITIA OFFICERS—ADJUTANT GENERAL.

AN ACT relating to militia officers; and amending section 16, chapter 130, Laws of 1943 and RCW 38.12.010 and 38.12.020.

Be it enacted by the Legislature of the State of Washington:

Division and amendment.

SECTION 1. Section 16, chapter 130, Laws of 1943 (heretofore divided and codified as RCW 38.12.010 and 38.12.020) is divided and amended as set forth in sections 2 and 3 of this act.

RCW 38.12.010 amended.

SEC. 2. (RCW 38.12.010) The adjutant general shall be chief of staff to the governor, and may be removed by the governor at will. He shall appoint the civilian employees and other personnel of his department and may remove any of them in his discretion.

Adjutant general—Bond—Removal.