

Section 9-406 in Wisconsin

WIS. STAT. § 409.406

AS ENACTED • THE COMPLETE SECTION

- (1) Discharge of account debtor; effect of notification. Subject to subs. (2) to (9), an account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.
- (2) When notification ineffective. Subject to sub. (8), notification is ineffective under sub. (1): (a) If it does not reasonably identify the rights assigned; (b) To the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this chapter; or (c) At the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if: 1. Only a portion of the account, chattel paper, or payment intangible has been assigned to that assignee; 2. A portion has been assigned to another assignee; or 3. The account debtor knows that the assignment to that assignee is limited.
- (3) Proof of assignment. Subject to sub. (8), if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under sub. (1).
- (4) Term restricting assignment generally ineffective. Except as otherwise provided in sub. (5) and ss. 409.407 and 411.303, and subject to sub. (8), a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it: (a) Prohibits, restricts, or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account, chattel paper, payment intangible, or promissory note; or (b) Provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account, chattel paper, payment intangible, or promissory note.
- (5) Inapplicability of sub. (4) to certain sales. Subsection (4) does not apply to the sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under s. 409.610 or an acceptance of collateral under s. 409.620.
- (6) Legal restrictions on assignment generally ineffective. Except as otherwise provided in ss. 108.13, 409.407, 411.303, and 565.30 and subject to subs. (8) and (9), a rule of law, statute, or rule that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or rule: (a) Prohibits, restricts, or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account or chattel paper; or (b) Provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account or chattel paper.
- (7) Subsection (2) (c) not waivable. Subject to sub. (8), an account debtor may not waive or vary its option under sub. (2) (c).
- (8) Rule for individual under other law. This section is subject to law other than this chapter which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.
- (9) Inapplicability to health-care-insurance receivable. This section does not apply to an assignment of a health-care-insurance receivable.

Reproduced from the official publication above, which controls.

HISTORY, AS PUBLISHED

History: 2001 a. 10; 2011 a. 206.

OFFICIAL PUBLICATION

Wisconsin Statutes

Wisconsin Legislature

<https://docs.legis.wisconsin.gov/statutes/statutes/409/iv/406>

PUBLIC UCC RECORD

Wisconsin Department of Financial Institutions

<https://dfi.wi.gov/Pages/BusinessServices/UCC/SearchLienFilings.aspx>

— COUNSEL

The rule is the same in every enactment. Your counsel can confirm which state's enactment governs a particular account, and we welcome that review at liens@eastshoreequities.com

— TERMS FOR THIS REFERENCE

This reference reproduces the text of Section 9-406 of the Uniform Commercial Code as published by each jurisdiction's official publication when it was retrieved, with links to those publications and to each jurisdiction's public filing office. Statutes are amended, publications are revised and addresses change. The official publication of each jurisdiction, as it stands when you read it, controls over anything shown here, and before relying on any text, citation or link on these pages you are to confirm it against that publication. East Shore Equities makes no representation that any text, citation, link or other content on these pages is current, complete, accurate or free of error, and accepts no liability for any reliance on it. These pages state no position on how any enactment applies to any person, account or transaction; that is a question for your counsel.