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Ind. Postponed .....  
Passed Senate .....  
Failed to Pass Senate .....  
Passed House .....  
Failed to Pass House .....

**Senate File 115**

January 27, 1947.  
Passed on File.

By HENNINGSEN.

## **A BILL FOR**

An Act to repeal chapter five hundred thirty-nine (539), Code 1946, and to substitute therefor an Act providing for assignment of accounts and non negotiable instruments.

*Be It Enacted by the General Assembly of the State of Iowa:*

1 That chapter five hundred thirty-nine (539),  
2 Code 1946, be repealed and the following enacted in  
3 lieu thereof:

1 Section 1. 1. "Account" means an open book  
2 account, mutual account, or account stated, due or  
3 to become due, carried in the regular course of  
4 business and not represented by a judgment, note, draft,  
5 acceptance, or other instrument for the payment of  
6 money; it includes rights under an unperformed contract  
7 for work, goods or services which in the regular course  
8 will result in an open book account.

9 2. "Assignment" shall include any  
10 transfer, pledge, mortgage or sale.

11 3. "Creditor" means a person having  
12 any claim, whether matured or unmatured, liquidated or  
13 unliquidated, absolute, fixed or contingent.

14 4. "Debt" means the indebtedness  
15 owing on an account.

16 5. "Debtor" means any person by whom  
17 an account is owing to the assignor.

18 6. "Filing Officer" means the county recorder  
19 of the county in which the assignor has its principal  
20 place of business within this State, or if the Assignor  
21 has no place of business within this state then the  
22 County Recorder of the county in which assignor resides.

1 Sec. 2. Subject to the provisions of section  
2 three (3), an assignment of an account for value shall  
3 take precedence, and shall be entitled to priority, over  
4 any subsequent assignment of the same account, provided  
5 that as between two or more assignees one or more of  
6 whom have filed a notice under section three (3), an  
7 assignment in writing made to the assignee whose notice  
8 was first filed and which assignment is covered by such  
9 notice shall have priority over any assignment to an  
10 assignee whose notice was subsequently filed or who  
11 has filed no notice under said section. A debtor,  
12 irrespective of the provision of section three (3)  
13 until notified by his creditor or the assignee not to  
14 do so, may pay or otherwise deal in good faith with  
15 the assignor, his agent for collection or any person  
16 who has succeeded to the assignor's interest, and shall  
17 have as against the assignee any right of setoff, counter-

18 claim or defense against such assignor or person  
19 existing in his favor at the time he is so notified.

1 Sec. 3. No assignment of an account shall be  
2 valid as against present or future creditors or the  
3 assignor without notice of such assignment, or as against  
4 a subsequent purchaser or assignee of such account without  
5 notice of such assignment:

6 1. Unless such assignment shall be in  
7 writing and shall be signed by the assignor, and

8 2. Unless such assignment, if it assigns  
9 accounts to arise in the future, gives the general  
10 nature of the business out of which such accounts  
11 are to arise and the address where such business  
12 is or will be carried on, and

13 3. Unless there shall be on file in the  
14 office of the filing officer, at the time of the  
15 execution of such assignment, or prior to the time  
16 when credit is extended to the assignor or prior to  
17 the time when a subsequent assignment is made, as the  
18 case may be, a presently effective and uncanceled  
19 notice signed by the assignor and the assignee, contain-  
20 ing a designation of the assignor and the assignee,  
21 and of the chief place of business of each within  
22 this state, if any, and if either of them has no place  
23 of business within the state, a designation of his  
24 residence or chief place of business outside the state

25 and a designation of the general nature of the business  
26 out of which such accounts arise; and, either:

27 a. A statement that the assignor expects to  
28 assign an account or accounts then existing or thereafter  
29 arising, to the assignee, or

30 b. A statement that the assignor expects to  
31 assign or has assigned certain specified accounts in  
32 which event the statement may contain:

33 (1.) A list of the accounts so to be assigned  
34 setting forth the amount of each such account and the  
35 names and addresses of the persons owing the same; and

36 (2) If such accounts are to be assigned  
37 as collateral security for a specific obligation, a  
38 declaration of that effect, and a statement of the amount  
39 of such obligation.

1 Sec. 4. It shall be the duty of the filing  
2 officer to mark each notice filed with a file number, and  
3 with the date and hour of filing, to file the same, and to  
4 index each notice in a separate index entitled, "Index of  
5 Notices of Assignment of Accounts Receivable" under the name  
6 of the assignor and of the assignee. Upon the filing of  
7 any such notice, if requested so to do by the person filing  
8 such notice, it shall be the duty of the filing officer  
9 to deliver to or mail to such person a certificate under  
10 seal, certifying that such notice has been filed giving  
11 the file number and date and hour of filing, and stating

12 therein whether or not there is on file in his office on  
13 the date and hour of such filing any other presently  
14 effective uncanceled notice of assignment by the assignor  
15 named in the notice so filed and setting forth therein the  
16 names and addresses of the assignee or assignees named in  
17 any such presently effective uncanceled notice or notices  
18 then on file. The fee for such filing shall be one dollar  
19 (\$1), the fee for the issuance of any such certificate shall  
20 be one dollar (\$1), and the fee for filing any cancellation  
21 of notice shall be one dollar (\$1). For a fee of one  
22 dollar (\$1) the filing officer may issue a certificate to  
23 any person showing whether or not there is on file any  
24 presently effective uncanceled notice of assignment by any  
25 named assignor and if so setting forth therein the names  
26 and addresses of the assignee or assignees named therein.

1 Sec. 5. Upon presentation to the filing officer  
2 for filing of any such notice, and the payment of the  
3 filing fee, the same shall be deemed to be filed for  
4 the purposes of this chapter.

1 Sec. 6. Any such notice shall be ineffective  
2 except as to accounts theretofore assigned while such  
3 notice was in effect, after three years from the date  
4 of filing. At any time before expiration of the effective-  
5 ness of the original or any subsequent filing, a like  
6 statement signed by the assignor and the assignee, or  
7 an affidavit by the assignee alone, setting out the

8 information required by section three (3) may be filed  
9 in like manner as the original filing. Any filing of  
10 such further notice or affidavit shall be effective in  
11 like manner and for a like period as an original filing.  
12 It shall be the duty of the filing officer to mark, file  
13 and index the further statement or affidavit in like  
14 manner as the original. At any time after seven years  
15 from the date when any notice has become ineffective  
16 the recorder may destroy the same, provided at least  
17 ten (10) days before doing so he mails a notice of his  
18 intention to do so to the assignee named in such notice  
19 at his address set forth therein.

1 Sec. 7. Any notice filed hereunder may be canceled  
2 by a certificate executed and acknowledged by the  
3 assignee reciting (1) the date of the notice, (2) the  
4 date of the filing thereof, (3) the names of the parties  
5 thereto, (4) and a statement that the same is canceled.

1 Sec. 8. 1. If an account or accounts are assigned  
2 pursuant to any notice filed under the provisions of  
3 this chapter as collateral security for any obligation,  
4 then upon payment or satisfaction of such obligation,  
5 and upon written demand, delivered personally or by  
6 registered mail by the assignor, the assignee shall execute  
7 and acknowledge and deliver to the assignor a certificate  
8 reciting (a) the date of the notice, (b) the date of the  
9 filing thereof, (c) the names of the parties thereto, and

10 (d) a statement that the obligation described in the notice  
11 has been paid or otherwise satisfied and discharged.

12 2. If for ten days after such demand, the  
13 assignee fails to mail or deliver such a statement of  
14 satisfaction, he shall be liable to the assignor for all  
15 actual direct damages suffered by him as a result of such  
16 failure and if the failure is in bad faith, for a penalty  
17 of one hundred dollars (\$100). Upon presentation of such  
18 statement of satisfaction or cancellation, it shall be the  
19 duty of the filing officer to file the same and note the  
20 cancellation of the notice, and the date thereof on the  
21 margin of the page where the notice has been indexed.

1 Sec. 9. The assignor of an account shall be a trustee  
2 of an assignee of the proceeds of the account and of any  
3 of the property sold which is returned to or recovered by  
4 the assignor. The right or lien of the assignee upon any  
5 balance remaining owing on such account receivable shall not  
6 be invalidated, irrespective of whether the assignee shall  
7 have consented to or acquiesced in such acts of the assignor,  
8 if merchandise sold, or any part thereof, is returned  
9 to or recovered by the assignor from the person owing  
10 the account receivable and he thereafter deals with it  
11 as his own property, or if the assignor grants credits,  
12 allowance or adjustments to the person owing an account  
13 receivable. The right of a person who purchases or  
14 takes a lien upon property so held in trust in good faith

15 and for value without notice of the trust are superior  
16 to the rights of the assignee.

1 Sec. 10. It shall be the duty of any assignee  
2 who has filed a presently effective and uncanceled  
3 assignment to furnish to any person such information  
4 relative to assignments of accounts as the assignor may  
5 in writing direct.

1 Sec. 11. No sale or assignment, by the head of  
2 a family, of wages, whether the same be exempt from  
3 execution or not, shall be of any validity whatever unless  
4 the same be evidenced by a written instrument, and if  
5 married, unless the husband and wife sign and acknowledge  
6 the same joint instrument before an officer authorized  
7 to take acknowledgments.

1 Sec. 12. Assignments of wages shall have priority  
2 and precedence in the order in which notice in writing  
3 of such assignments shall be given to the employer, and  
4 not otherwise.

1 Sec. 13. The assignor of any of the above  
2 instruments not negotiable shall be liable to the action  
3 of his assignee without notice.

1. Sec. 14. The provisions of this chapter;

2 1. Shall not effect the validity of an  
3 assignment as between the parties thereto;

4 2. Shall not be applicable to an assignment  
5 made pursuant to the provisions of any statute of the

6 United States; and

7 3. Shall not be applicable to any assignment  
8 made for the benefit of all of the assignor's creditors  
9 generally.

1 Sec. 15. This chapter shall be so interpreted  
2 and construed as to effectuate its general purpose to  
3 make uniform the law of the states which enact it.

1 Sec. 16. Notwithstanding the provisions of any  
2 general or special law, the provisions of this chapter  
3 shall control except as to assignments made before this  
4 chapter takes effect.