

§9-1620. Acceptance of collateral in full or partial satisfaction of obligation; compulsory disposition of collateral

(1). Except as otherwise provided in subsection (7), a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(a). The debtor consents to the acceptance under subsection (3); [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). The secured party does not receive, within the time set forth in subsection (4), a notification of objection to the proposal authenticated by:

(i) A person to which the secured party was required to send a proposal under section 9-1621; or

(ii) Any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal; [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(c). If the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(d). Subsection (5) does not require the secured party to dispose of the collateral or the debtor waives the requirement pursuant to section 9-1624. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(2). A purported or apparent acceptance of collateral under this section is ineffective unless:

(a). The secured party consents to the acceptance in an authenticated record or sends a proposal to the debtor; and [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). The conditions of subsection (1) are met. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(3). For purposes of this section:

(a). A debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default; and [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). A debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default or the secured party:

(i) Sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

(ii) In the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(iii) Does not receive a notification of objection authenticated by the debtor within 20 days after the proposal is sent. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(4). To be effective under subsection (1), paragraph (b), a notification of objection must be received by the secured party:

(a). In the case of a person to which the proposal was sent pursuant to section 9-1621 within 20 days after notification was sent to that person; and [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). In other cases:

(i) Within 20 days after the last notification was sent pursuant to section 9-1621; or

(ii) If a notification was not sent, before the debtor consents to the acceptance under subsection

(3). [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(5). A secured party that has taken possession of collateral shall dispose of the collateral pursuant to section 9-1610 within the time specified in subsection (6) if:

(a). Sixty percent of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). Sixty percent of the principal amount of the obligation secured has been paid in the case of a nonpurchase-money security interest in consumer goods. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(6). To comply with subsection (5), the secured party shall dispose of the collateral:

(a). Within 90 days after taking possession; or [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). Within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and authenticated after default. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(7). In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

SECTION HISTORY

PL 1999, c. 699, §A2 (NEW). PL 1999, c. 699, §A4 (AFF).

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