

554.9205 Use or disposition of collateral permissible.

1. *When security interest not invalid or fraudulent.* A security interest is not invalid or fraudulent against creditors solely because:

a. the debtor has the right or ability to:

(1) use, commingle, or dispose of all or part of the collateral, including returned or repossessed goods;

(2) collect, compromise, enforce, or otherwise deal with collateral;

(3) accept the return of collateral or make repossessions; or

(4) use, commingle, or dispose of proceeds; or

b. the secured party fails to require the debtor to account for proceeds or replace collateral.

2. *Requirements of possession not relaxed.* This section does not relax the requirements of possession if attachment, perfection, or enforcement of a security interest depends upon possession of the collateral by the secured party.

2000 Acts, ch 1149, §15, 185, 187

Footnotes

Secured parties rights on disposition of collateral and in proceeds, see §554.9315

Effective July 1, 2001; 2000 Acts, ch 1149, §187; former section repealed effective July 1, 2001; 2000 Acts, ch 1149, §185, 187; for law prior to July 1, 2001, see Code 2001