

554.9620 Acceptance of collateral in full or partial satisfaction of obligation — compulsory disposition of collateral.

1. *Conditions to acceptance in satisfaction.* 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](#);

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

(1) a person to which the secured party was required to send a proposal under [section 554.9621](#); or

(2) 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;

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

d. [subsection 5](#) does not require the secured party to dispose of the collateral or the debtor waives the requirement pursuant to [section 554.9624](#).

2. *Purported acceptance ineffective.* A purported or apparent acceptance of collateral under [this section](#) is ineffective unless:

a. the secured party consents to the acceptance in a signed record or sends a proposal to the debtor; and

b. the conditions of [subsection 1](#) are met.

3. *Debtor's consent.* 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 signed after default; and

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 signed after default or the secured party:

(1) 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;

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

(3) does not receive a notification of objection signed by the debtor within twenty days after the proposal is sent.

4. *Effectiveness of notification.* 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 554.9621](#), within twenty days after notification was sent to that person; and

b. in other cases:

(1) within twenty days after the last notification was sent pursuant to [section 554.9621](#); or

(2) if a notification was not sent, before the debtor consents to the acceptance under [subsection 3](#).

5. *Mandatory disposition of consumer goods.* A secured party that has taken possession of collateral shall dispose of the collateral pursuant to [section 554.9610](#) 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

b. sixty percent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.

6. *Compliance with mandatory disposition requirement.* To comply with [subsection 5](#), the secured party shall dispose of the collateral:

a. within ninety days after taking possession; or

b. within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and signed after default.

7. *No partial satisfaction in consumer transaction.* In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

[2000 Acts, ch 1149, §118, 187](#); [2024 Acts, ch 1023, §99 – 102](#)

Referred to in [§554.9102](#), [554.9406](#), [554.9408](#), [554.9602](#), [554.9624](#)

Subsection 1, paragraph b, unnumbered paragraph 1 amended

Subsection 2, paragraph a amended

Subsection 3 amended

Subsection 6, paragraph b amended