

**70A-9a-620 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);
  - (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 70A-9a-621; 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;
  - (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 70A-9a-624.
- (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
  - (b) the conditions of Subsection (1) are met.
- (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
  - (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.
- (4) To be effective under Subsection (1)(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 70A-9a-621, within 20 days after notification was sent to that person; and
  - (b) in other cases:
    - (i) within 20 days after the last notification was sent pursuant to Section 70A-9a-621; or
    - (ii) if a notification was not sent, before the debtor consents to the acceptance under Subsection (3).
- (5) A secured party that has taken possession of collateral shall dispose of the collateral pursuant to Section 70A-9a-610 within the time specified in Subsection (6) if:
  - (a) 60% of the cash price has been paid in the case of a purchase-money security interest in consumer goods; or
  - (b) 60% 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) To comply with Subsection (5), the secured party shall dispose of the collateral:
  - (a) within 90 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 authenticated after default.
- (7) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

Enacted by Chapter 252, 2000 General Session