

84-9-205. Use or disposition of collateral permissible. (a) **When security interest not invalid or fraudulent.** A security interest is not invalid or fraudulent against creditors solely because: (1) The debtor has the right or ability to:

- (A) Use, commingle, or dispose of all or part of the collateral, including returned or repossessed goods;
 - (B) collect, compromise, enforce, or otherwise deal with collateral;
 - (C) accept the return of collateral or make repossessions; or
 - (D) use, commingle, or dispose of proceeds; or
- (2) the secured party fails to require the debtor to account for proceeds or replace collateral.

(b) **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.

History: L. 2000, ch. 142, § 15; July 1, 2001.

Revisor's Note:

Former section 84-9-205 was repealed by L. 2000, ch. 142, § 155 and the number reassigned to the current text.