

355.9-622 Effect of acceptance of collateral.

- (1) A secured party's acceptance of collateral in full or partial satisfaction of the obligation it secures:
 - (a) Discharges the obligation to the extent consented to by the debtor;
 - (b) Transfers to the secured party all of a debtor's rights in the collateral;
 - (c) Discharges the security interest or agricultural lien that is the subject of the debtor's consent and any subordinate security interest or other subordinate lien; and
 - (d) Terminates any other subordinate interest.
- (2) A subordinate interest is discharged or terminated under subsection (1) of this section, even if the secured party fails to comply with this article.

Effective: July 1, 2001

History: Created 2000 Ky. Acts ch. 408, sec. 140, effective July 1, 2001.