

355.9-205 Use or disposition of collateral permissible.

- (1) 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) 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.

Effective: July 1, 2001

History: Repealed and reenacted 2000 Ky. Acts ch. 408, sec. 35, effective July 1, 2001. -- Amended 1986 Ky. Acts ch. 118, sec. 62, effective July 1, 1987. -- Created 1958 Ky. Acts ch. 77, sec. 9-205, effective July 1, 1960.