

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

SUBPART 1.
EFFECTIVENESS AND ATTACHMENT

440.9201 General effectiveness of security agreement.

Sec. 9201. (1) Except as otherwise provided in this act, a security agreement is effective according to its terms between the parties, against purchasers of the collateral, and against creditors.

(2) A transaction subject to this article is subject to any applicable rule of law that establishes a different rule for consumers and to each of the following, as applicable:

- (a) The regulatory loan act of 1963, 1939 PA 21, MCL 493.1 to 493.26.
- (b) 1939 PA 305, MCL 566.301 to 566.302.
- (c) The motor vehicle sales finance act, 1950 (Ex Sess) PA 27, MCL 492.101 to 492.141.
- (d) The mobile home commission act, 1987 PA 96, MCL 125.2301 to 125.2349.
- (e) The Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923.
- (f) 1978 PA 387, MCL 257.931 to 257.937.
- (g) 1986 PA 87, MCL 257.1401 to 257.1410.
- (h) The grain dealers act, 1939 PA 141, MCL 285.61 to 285.82a.
- (i) The Michigan family farm development act, 1982 PA 220, MCL 285.251 to 285.279.
- (j) The natural resources and environmental protection act, 1994 PA 451, MCL 324.101 to 324.90106.
- (k) 1982 PA 459, MCL 325.851 to 325.858.
- (l) 1970 PA 90, MCL 442.311 to 442.315.
- (m) 1971 PA 227, MCL 445.111 to 445.117.
- (n) The retail installment sales act, 1966 PA 224, MCL 445.851 to 445.873.
- (o) The Michigan consumer protection act, 1976 PA 331, MCL 445.901 to 445.922.
- (p) The home improvement finance act, 1965 PA 332, MCL 445.1101 to 445.1431.
- (q) 1941 PA 238, MCL 566.1.
- (r) The garage keeper's lien act, 1915 PA 312, MCL 570.301 to 570.309.
- (s) 1939 PA 3, MCL 460.1 to 460.10cc.
- (t) 1981 PA 155, MCL 445.611 to 445.620c.
- (u) The special tools lien act.

(3) In case of conflict between this article and a rule of law, statute, or regulation described in subsection (2), the rule of law, statute, or regulation controls. Failure to comply with a statute or regulation described in subsection (2) has only the effect the statute or regulation specifies.

(4) This article does not validate any rate, charge, agreement, or practice that violates a rule of law, statute, or regulation described in subsection (2), or extend the application of the rule of law, statute, or regulation to a transaction not otherwise subject to it.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 2000, Act 348, Eff. July 1, 2001;—Am. 2002, Act 18, Imd. Eff. Mar. 1, 2002;—Am. 2002, Act 480, Imd. Eff. June 27, 2002.

440.9202 Title to collateral immaterial.

Sec. 9202. Except as otherwise provided with respect to consignments or sales of accounts, chattel paper, payment intangibles, or promissory notes, the provisions of this article with regard to rights and obligations apply whether title to collateral is in the secured party or the debtor.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 2000, Act 348, Eff. July 1, 2001.

440.9203 Attachment and enforcement of security interest; proceeds; supporting obligations; formal requisites.

Sec. 9203. (1) A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

(2) Except as otherwise provided in subsections (3) through (9), a security interest is enforceable against the debtor and third parties with respect to the collateral only if all of the following are met:

- (a) Value has been given.
- (b) The debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party.
- (c) One or more of the following conditions are met:
 - (i) The debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned.

(ii) The collateral is not a certificated security and is in the possession of the secured party under section 9313 pursuant to the debtor's security agreement.

(iii) The collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 8301 pursuant to the debtor's security agreement.

(iv) The collateral is deposit accounts, electronic chattel paper, investment property, letter-of-credit rights, or electronic documents, and the secured party has control under section 7106, 9104, 9105, 9106, or 9107 pursuant to the debtor's security agreement.

(3) Subsection (2) is subject to section 4210 on the security interest of a collecting bank, section 5118 on the security interest of a letter-of-credit issuer or nominated person, section 9110 on a security interest arising under article 2 or 2A, and section 9206 on security interests in investment property.

(4) A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this article or by contract, either of the following occurs:

(a) The security agreement becomes effective to create a security interest in the person's property.

(b) The person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

(5) If a new debtor becomes bound as debtor by a security agreement entered into by another person, the agreement satisfies subsection (2)(c) with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement, and another agreement is not necessary to make a security interest in the property enforceable.

(6) The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by section 9315 and is also attachment of a security interest in a supporting obligation for the collateral.

(7) The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security interest in the security interest, mortgage, or other lien.

(8) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

(9) The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1978, Act 369, Eff. Jan. 1, 1979;—Am. 1987, Act 16, Imd. Eff. Apr. 24, 1987;—Am. 1998, Act 278, Imd. Eff. July 27, 1998;—Am. 1998, Act 489, Imd. Eff. Jan. 4, 1999;—Am. 2000, Act 348, Eff. July 1, 2001;—Am. 2012, Act 87, Eff. July 1, 2013.

440.9204 After-acquired property; future advances.

Sec. 9204. (1) Except as otherwise provided in subsection (2), a security agreement may create or provide for a security interest in after-acquired collateral.

(2) A security interest does not attach under a term constituting an after-acquired property clause to either of the following:

(a) Consumer goods, other than an accession when given as additional security, unless the debtor acquires rights in them within 10 days after the secured party gives value.

(b) A commercial tort claim.

(3) A security agreement may provide that collateral secures, or that accounts, chattel paper, payment intangibles, or promissory notes are sold in connection with, future advances or other value, whether or not the advances or value are given pursuant to commitment.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1978, Act 369, Eff. Jan. 1, 1979;—Am. 2000, Act 348, Eff. July 1, 2001.

440.9205 Use or disposition of collateral permissible.

Sec. 9205. (1) A security interest is not invalid or fraudulent against creditors solely because of either of the following:

(a) The debtor has the right or ability to do 1 or more of the following:

(i) Use, commingle, or dispose of all or part of the collateral, including returned or repossessed goods.

(ii) Collect, compromise, enforce, or otherwise deal with collateral.

(iii) Accept the return of collateral or make repossessions.

(iv) Use, commingle, or dispose of proceeds.

(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 or a security interest depends upon possession of the collateral by the secured party.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1978, Act 369, Eff. Jan. 1, 1979;—Am. 2000, Act 348, Eff. July 1, 2001.

440.9206 Security interest arising in purchase or delivery of financial asset.

Sec. 9206. (1) A security interest in favor of a securities intermediary attaches to a person's security entitlement if the person buys a financial asset through the securities intermediary in a transaction in which the person is obligated to pay the purchase price to the securities intermediary at the time of the purchase, and the securities intermediary credits the financial asset to the buyer's securities account before the buyer pays the securities intermediary.

(2) The security interest described in subsection (1) secures the person's obligation to pay for the financial asset.

(3) A security interest in favor of a person that delivers a certificated security or other financial asset represented by a writing attaches to the security or other financial asset if both of the following are met:

(a) The security or other financial asset in the ordinary course of business is transferred by delivery with any necessary indorsement or assignment, and is delivered under an agreement between persons in the business of dealing with the securities or financial assets.

(b) The agreement calls for delivery against payment.

(4) The security interest described in subsection (3) secures the obligation to make payment for the delivery.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1964, Act 250, Eff. Aug. 28, 1964;—Am. 2000, Act 348, Eff. July 1, 2001.