

Sec. 32-13-42. Procedure on default

If such default continues for more than sixty days, or within such other time as may be agreed upon by the commission and secured party in writing: (1) The secured party shall notify the commission of its opinion of the prudence of revising the terms of financing, and, if such revision appears to the commission to be prudent, appropriate papers satisfactory to the commission shall be drawn and executed by the debtor and secured party. (2) If a revision of the terms of financing does not appear prudent to the commission and it is deemed advisable by the secured party or commission to institute foreclosure proceedings, reduce the claim to judgment or utilize any other available judicial procedure, then the secured party shall institute such proceedings and obtain possession of the collateral taking whatever judicial process may be necessary to so obtain possession. After obtaining possession of the collateral the secured party shall, with the approval of the commission, proceed to sell, lease or otherwise dispose of any or all collateral in its then condition or following any commercially reasonable preparation or processing and shall apply the proceeds therefrom as required under the laws of this state. Upon the institution of any legal proceedings after default the secured party shall furnish the commission with copies of any and all papers filed in court and shall, within thirty days after rendering of any judgment, file with the commission a certified copy thereof. (3) If title to the collateral passes to the commission, the secured party shall submit the following documents to the commission: (A) A bill of sale covering the machinery and equipment or other security to which the secured party is entitled by reason of the security agreement, conveying title to such property satisfactory to the commission; (B) an assignment of all claims of the secured party against the debtor or others arising out of the security agreement, except such claims as may have been released with the consent of the commission; (C) an assignment of the security interest under the Uniform Commercial Code. (4) If the commission determines to accept an assignment of the insured indebtedness and all security therefor, the secured party shall assign, transfer and deliver to the commission the original note and the security agreement, without recourse or warrantee, except that the secured party shall warrant in writing that no act or omission of the secured party has impaired the validity and the priority of the security interest, that the amounts stated in the instrument of assignment are actually due and owing, that there are no offsets or counterclaims thereto and that the secured party has a good right to assign the same to the commission. In addition, the secured party shall assign, transfer and deliver by proper instrument the following: (A) All title and interest in the machinery and equipment or other security to which the secured party is entitled by reason of the security agreement; (B) all policies of insurance or surety bonds or other guarantees, and any and all claims thereunder; (C) any cash or property or other security held by the secured party and available to the secured party for application to the debt; (D) all records, documents, books, papers and accounts relating to the insured transaction; (E) any additional information or data which the commission may require; (F) notwithstanding the foregoing, the commission after default or threatened default may make payments of installments of principal or interest or both, and of taxes and insurance, for a temporary period.

(Effective November 26, 1968)