

§ 25-9-617. Rights of transferee of collateral.

- (a) Effects of disposition. – A secured party's disposition of collateral after default:
 - (1) Transfers to a transferee for value all of the debtor's rights in the collateral;
 - (2) Discharges the security interest under which the disposition is made; and
 - (3) Discharges any subordinate security interest or other subordinate lien.
- (b) Rights of good-faith transferee. – A transferee that acts in good faith takes free of the rights and interests described in subsection (a) of this section, even if the secured party fails to comply with this Article or the requirements of any judicial proceeding.
- (c) Rights of other transferee. – If a transferee does not take free of the rights and interests described in subsection (a) of this section, the transferee takes the collateral subject to:
 - (1) The debtor's rights in the collateral;
 - (2) The security interest or agricultural lien under which the disposition is made; and
 - (3) Any other security interest or other lien. (1965, c. 700, s. 1; 1975, c. 862, s. 7; 2000-169, s. 1.)