

(2) UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE PAYMENT BY THE CONSUMER BORROWER OF THE ENTIRE BALANCE DUE UNDER THE AGREEMENT SHALL:

(I) CONSTITUTE REDEMPTION BY THE CONSUMER BORROWER; AND

(II) ENTITLE THE CONSUMER BORROWER TO TAKE POSSESSION OF THE PROPERTY.

(j) The credit grantor shall sell the property that was repossessed at public auction. At least 10 days before the sale, the credit grantor shall notify the consumer borrower in writing sent by registered or certified mail sent to his last known address of the time and place of sale.

(k) (1) The provisions of this subsection apply to a public sale of property which secured a loan in excess of \$2,000 at the time the loan was made.

(2) The proceeds of a sale to which this subsection applies shall be applied, in the following order, to:

(i) The actual and reasonable cost of the sale;

(ii) The actual and reasonable cost of retaking and storing the property; and

(iii) The unpaid balance owing under the agreement at the time the property was repossessed.

(3) The credit grantor shall furnish to the consumer borrower a written statement which shows the distribution of the proceeds.

(4) If the provisions of this section, including the requirement of furnishing a notice following repossession, are not followed, the credit grantor shall not be entitled to any deficiency judgment to which he would be entitled under the loan agreement.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1986.

Approved May 27, 1986.

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