

NONJUDICIALLY, THE SECURED PARTY MAY RECORD IN THE OFFICE IN WHICH A RECORD OF THE MORTGAGE IS RECORDED:

(1) A COPY OF THE SECURITY AGREEMENT THAT CREATES OR PROVIDES FOR A SECURITY INTEREST IN THE OBLIGATION SECURED BY THE MORTGAGE; AND

(2) THE SECURED PARTY'S SWORN AFFIDAVIT IN RECORDABLE FORM STATING THAT:

(A) A DEFAULT HAS OCCURRED; AND

(B) THE SECURED PARTY IS ENTITLED TO ENFORCE THE MORTGAGE NONJUDICIALLY.

(C) A SECURED PARTY SHALL PROCEED IN A COMMERCIALY REASONABLE MANNER IF THE SECURED PARTY:

(1) UNDERTAKES TO COLLECT FROM OR ENFORCE AN OBLIGATION OF AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL; AND

(2) IS ENTITLED TO CHARGE BACK UNCOLLECTED COLLATERAL OR OTHERWISE TO FULL OR LIMITED RECOURSE AGAINST THE DEBTOR OR A SECONDARY OBLIGOR.

(D) A SECURED PARTY MAY DEDUCT FROM THE COLLECTIONS MADE PURSUANT TO SUBSECTION (C) REASONABLE EXPENSES OF COLLECTION AND ENFORCEMENT, INCLUDING REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES INCURRED BY THE SECURED PARTY.

(E) THIS SECTION DOES NOT DETERMINE WHETHER AN ACCOUNT DEBTOR, BANK, OR OTHER PERSON OBLIGATED ON COLLATERAL OWES A DUTY TO A SECURED PARTY.

9-608. APPLICATION OF PROCEEDS OF COLLECTION OR ENFORCEMENT; LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS.

(A) IF A SECURITY INTEREST OR AGRICULTURAL LIEN SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, THE FOLLOWING RULES APPLY:

(1) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION THE CASH PROCEEDS OF COLLECTION OR ENFORCEMENT UNDER THIS SECTION IN THE FOLLOWING ORDER TO:

(A) THE REASONABLE EXPENSES OF COLLECTION AND ENFORCEMENT AND, TO THE EXTENT PROVIDED FOR BY AGREEMENT AND NOT PROHIBITED BY LAW, REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES INCURRED BY THE SECURED PARTY;

(B) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE COLLECTION OR ENFORCEMENT IS MADE; AND