

COLLATERAL REGISTRY REGULATIONS, 2014

ISSUED BY

THE GOVERNOR, CENTRAL BANK OF NIGERIA,

SEPTEMBER, 2014.

BACKGROUND

The Central Bank of Nigeria (“The Bank”) is the public institution with the statutory responsibility for, amongst others, the promotion of a sound financial system in the country. Section 1 (2) of the Central Bank of Nigeria Act No. 7 of 2007 details the principal objectives of the Bank.

The Banks and Other Financial Institutions Act, Cap B3 - LFN 2004 (BOFIA) (as amended) is the primary legislation for regulating banking, banks and other financial institutions in Nigeria. Section 57 of the said BOFIA authorizes the Governor of the Central Bank of Nigeria to ‘make regulations to give full effect to the objects and objectives of the Act’ as well as those for the operation and control of all institutions under the supervision of the Bank.

Section 1(4) of the Banks and Other Financial Institutions Act (as amended) also empowers the Central Bank of Nigeria either generally or in any particular case to appoint any person who is not an officer or employee of the Bank to render such assistance as it may specify in the exercise of its powers, the performance of its functions or the discharge of its duties, or on its behalf of and in the name of Central Bank of Nigeria.

In furtherance of the aforesaid mandates and in order to improve access to finance for micro, small and medium enterprises (‘MSMEs’) while maintaining a strong prudent lending policy, the Governor of

the Central Bank of Nigeria, in exercise of the powers conferred on him in that behalf, hereby makes these Regulations for the establishment, maintenance and operation of the Collateral Registry and ancillary matters appertaining thereto.

Made this _____ day of _____ 2014

Godwin Ifeanyi Emefiele
Governor, Central Bank of Nigeria,
Abuja.

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PART I
INTRODUCTION

1. Objective

(1) These Regulations provide a regulatory framework for:

- (a) accessing credit secured with movable property,
- (b) creation and perfection of security interests,
- (c) realization of security interests in movables

(2) The Regulations also provides for the establishment and operations of the Collateral Registry.

(3) The Regulations aim to stimulate responsible lending to micro, small and medium enterprises (MSMEs) by providing a mechanism for efficient registration of security interests in movable **property** and realization of such interests in the event of a default.

2. Definitions

(1) In these Regulations:

“account receivable” means a right to receive value arising from an obligation owed by a third party to the debtor including book debts but excluding a negotiable instrument;

“amendment” means a modification of information contained in a registration;

“collateral” means movable property, whether tangible or intangible, that is subject to a security interest;

“consumer goods” means goods that the debtor uses or intends to use primarily for personal, family or household purpose;

“debtor” means a person that has rights in the collateral, and includes a grantor of any type of charge, chattel mortgage, pledge or lien in movable property;

“equipment” means machinery or other capital goods used in the operation of the debtor’s business;

“farm products” include

- (a) crops grown, growing, or to be grown;
- (b) fish stocks;
- (c) livestock, poultry and their unborn offspring;
- (d) seeds, fertilizers, manure and supplies used or produced in a farming operation; and
- (e) products of crops and livestock in their unprocessed states;

“financing statement” means the prescribed forms on which information is provided to effect, amend, cancel or continue a registration under these Regulations;

“goods” means tangible movable property and include farm products, inventory, equipment, consumer goods, trees that have been severed and oil, gas or minerals that have been extracted;

“initial financing statement registration number” means the number assigned to the initial financing statement by the Collateral Registry on its registration that is permanently associated with such financing statement;

“inventory” means goods that are;

- (a) held for sale or lease in the ordinary course of business; and
- (b) raw materials or work in progress;

“Movable” means tangible or intangible property that can be moved or displaced.

“MSMEs” means such enterprises as defined by the National Policy on MSMEs in Nigeria

“possessory lien” means a right of the person securing payment for services provided in the ordinary course of business that exists as long as the person remains in possession of the goods;

“proceeds” means identifiable or traceable movable property received as a result of sale, other disposition, collection, lease or license of the collateral, including natural fruits, distributions, insurance payments and claims arising from defects in, damage to or loss of collateral;

“purchase money security interest” means

- (a) a right in collateral taken or retained by the seller to secure all or part of its purchase price;
- (b) a right taken by a person who provides credit to enable the debtor to acquire the collateral if such credit is in fact so used; and
- (c) a right of a financial lessor;

“Registration” means information provided in the initial registration under these Regulations and amendment related thereto which is entered in the Registry;

“Registry” means the Collateral Registry established under this Regulations;

“secured creditor” means a person in whose favor a security interest is created and includes a chargee under any type of charge, chattel mortgagee or holder of any type of consensual lien;

“security agreement” means an agreement in any form and whatsoever entitled between the debtor and secured creditor that creates a security interest;

“security interest” means a property right in collateral that is created by agreement and secures payment or other performance of an obligation, regardless of whether the parties have denominated it as a security interest but it does not include a personal right against a guarantor or other person liable for the performance of the secured obligation;

“serial-numbered goods” means movable property that have a serial or identification number permanently marked on or attached to its principal part by the manufacturer including motor vehicles, planes, boats, plant & machinery, etc.

“serial number” means an identification number marked or attached to the body frame of a movable property by the manufacturer;

“**confirmation statement**” means a certificate issued by the Collateral Registry confirming the Registration Number, date and time of a registration;

“**writing**” includes an electronic message if the information contained therein is accessible so as to be usable for subsequent reference.

(2) For the purposes of these Regulations, the determination of whether goods are consumer goods, equipment, farm products or inventory is to be made at the time when the security agreement is concluded and the secured creditor may rely on the representations of the debtor as to the intended use.

3. Scope of the Regulations

(1) These Regulations apply to all security interests in movable property created by an agreement that secures payment or other performance of an obligation, regardless of the form of the transaction, the type of movable property or the nature of the secured obligation.

(2) Any individual or entity may be a secured creditor under these Regulations subject to priority created in favor of a third party under any existing laws.

(3) All financing leases entered into after these Regulations have become effective are subject to registration in the Collateral Registry and the priority provisions of these Regulations.

(4) These Regulations shall not apply to

- (a) any right of set-off;
- (b) charges required to be registered under the Companies and Allied Matters Act;
- (C) an interest created by any of the following transactions—
 - (i) the creation or transfer of an interest in land;

- (ii) a transfer of a right to payment that arises in connection with an interest in land, including a lease and rents; and
- (iii) any interest created by a transfer, assignment or mortgage in movable property governed by a law for which a registry has been established, including that for ships and aircraft.

PART II

CREATION OF SECURITY INTERESTS

4. Incidence of Creation of Security Interest

(1) A security Agreement shall be effective and create a security interest as between the parties according to its terms.

(2) A security interest in the property acquired after the security agreement shall become effective as of the moment the debtor acquires a right to such property without a written consent or any further act of the borrower provided it falls under the collateral description in the registered financing statement.

5. Debtor's Rights in the Collateral

(1) The security interest shall be created to the extent of the rights that the debtor has in the collateral.

(2) A transfer of and a security interest in an account receivable is effective as between the debtor and the secured creditor and as against the account debtor of the receivable notwithstanding any agreement limiting in any way the debtor's right to assign its receivables, including to create a security interest.

6. Content of the Security Agreement

The security agreement must at a minimum:

- (a) reflect the intent of the parties to create a security interest;
- (b) identify the secured creditor and the debtor;
- (c) describe the secured obligation, including the maximum amount for which the security interest is enforceable; and
- (d) describe the collateral adequately.
- (e) indicate the tenor of the obligation secured

7. Description of Collateral in Security Agreement

(1) A security interest shall be created only if a security agreement contains an adequate description of the collateral.

(2) A description is adequate if the collateral is described by:

- (a) item, kind, type or category; or
- (b) a statement that a security interest is taken in all of the debtor's present and after-acquired property.

(3) A security interest shall automatically continue in the identifiable or traceable proceeds of the collateral, whether or not the security agreement contains a description of the proceeds.

8. Requirements for Perfection

(1) A security interest is perfected when a financing statement in respect of that security interest has been registered in the Collateral Registry;

(2) For the purposes of this Regulation, the secured creditor shall not be in possession of collateral that is in the actual or apparent possession or control of the debtor or the debtor's agent.

PART III
COLLATERAL REGISTRY

9. Establishment of the Collateral Registry

(1) The Collateral Registry provided for under this Regulation shall be established, maintained and operated by the Central Bank of Nigeria.

(2) The Governor of the Central Bank of Nigeria shall appoint the Registrar to supervise and administer the operation of the Registry.

(3) The Governor of Central Bank of Nigeria may issue guidelines to govern the functions and operations of the Collateral Registry from time to time.

(4) The Collateral Registry shall accept for registration financing statements in the prescribed form which shall be electronically transmitted.

(5) The Collateral Registry shall be accessible at all times except if precluded by maintenance, technical and security constraints.

(6) The Collateral Registry is responsible for reasonable loss or damage suffered by a person as a result of:

- (a) erroneous transcription of information from a financing statement into the Collateral Registry system;
- (b) reliance on an erroneous search result;
- (c) incorrect information given by the Collateral Registry.

10. Effect of Security Agreement

By entering into a security agreement, the debtor authorises the registration of a financing statement.

11. Administrative Role of the Collateral Registry

(1) The Registrar and any employee of the Collateral Registry shall not verify whether authorisation for registration has been properly granted pursuant to Regulation 10 or conduct any scrutiny of the information provided in the financing statement.

(2) The Collateral Registry has no responsibility for changes, omissions or corruption of electronically transmitted information which occurred prior to its receipt.

(3) Information provided in financing statements shall be entered into the Collateral Registry as received and no character substitution or truncation shall be performed.

(4) Registration of a financing statement shall be rejected only if:-

- (a) it is not submitted in the prescribed manner or in a form that enables the information to be entered into the Registry; or
- (b) it does not contain the information required by these Regulations; or
- (c) the prescribed fee has not been paid.

12. Information Required to Register Financing Statement

(1) The secured creditor submitting a financing statement for registration must ensure that all information that is required by these Regulations is provided legibly in the fields designated for entering information of that kind.

(2) The secured creditor shall provide in a financing statement the following information:

- (a) Debtor type description; individual, micro, small or large business
- (b) In the case of a company, cooperative or registered business name, it's Company/Registration number as may be applicable;

- (c) In the case of an individual, the biometric based unique identifier i.e. National ID Card or International Passport, gender, name, address including telephone and date of birth of the debtor
- (d) the name and address of the secured creditor or a representative of the secured creditor;
- (e) a description of the collateral; and
- (f) the maximum amount for which the secured obligation may be enforced.
- (g) the period of time for which the registration is to be effective.

(3) If there is more than one debtor or secured creditor, the required information must be entered in the designated field separately for each debtor or secured creditor.

(4) If the debtor is an individual who is neither a citizen nor a resident of Nigeria, the secured creditor shall enter the debtor's passport number and the name that appears in the passport issued by a foreign government.

13. Description of Collateral

(1) The financing statement must include a description of the collateral that reasonably allows its identification.

(2) A description of collateral is sufficient if the collateral is described by

- (a) item, kind, type or category and year of manufacture; or
- (b) a statement that a security interest is taken in all of the debtor's present and after-acquired property.

(3) If a financing statement covers serial-numbered goods it must contain information of the serial number as defined in Regulation 2.

(4) Serial-numbered goods that are held as inventory need not be described by a serial number. A description of serial-numbered goods held as inventory is sufficient if it satisfies the requirements of Regulation 2.

14. Time of Registration and Confirmation Statement

(1) A financing statement shall be registered when a unique registration number, date and time are assigned to it by the Collateral Registry.

(2) The Collateral Registry shall, as soon as reasonably practicable after a financing statement has been registered, provide a confirmation statement to the secured creditor who submitted the financing statement for registration.

15. Material Error in Financing Statement

(1) Subject to paragraph 2 of this Regulation, a registration shall be ineffective if there is an error in—

- (a) the biometric-based unique identifier of the debtor; or
- (b) the serial number of the collateral that causes the registration not to be retrieved in a search.

(2) An error in the serial number of the collateral may render the registration ineffective only with respect to the collateral identified by such serial number and an error in the biometric-based unique identifier of a debtor may render the registration ineffective only with respect to that debtor.

16. Consequences of Other Errors

- (1) An error in the name or address of the debtor does not render the registration ineffective.
- (2) An error in the name or address of the secured creditor or address of the debtor does not render the registration ineffective.
- (3) An error in the collateral description other than in the serial number and in the maximum amount for which the security interest may be enforced may render the registration ineffective with respect to that collateral if the error seriously misleads the searcher.
- (4) An incorrect description of some collateral shall not render the registration ineffective with respect to other collateral sufficiently described.
- (5) An error in other information entered by the secured creditor in the financing statement does not render the registration ineffective.

17. Duration of Registration

- (1) The registration of a financing statement shall be effective until the earlier of;
 - (a) the expiration of the term specified in the financing statement; or
 - (b) it's cancellation.
- (2) A registration may be renewed by an amendment of the financing statement before the registration expires.
- (3) Information shall not be deleted from the Collateral Registry, whether or not an amendment financing statement cancelling the registration has been registered. Expired registrations shall be maintained in the Registry and searchable by the public for six months following their expiration. Cancelled and expired registrations shall be identified as such in a search.

(4) Six (6) months after the expiry, registrations shall cease to be publicly searchable and shall be removed into an archive from which it may be retrieved only by the Collateral Registry.

18. Amendment of Registration

(1) The registration may be amended by the secured creditor upon registration of an amendment financing statement.

(2) An amendment to a registration that adds collateral, that adds a new debtor or that modifies the maximum amount of the secured obligation is effective as to the added collateral, the added debtor and the new maximum amount only from the date and time when the amendment financing statement is registered.

(3) A secured creditor who wishes to register an amendment financing statement must:

- (a) provide the initial financing statement registration number of the financing statement to which the amendment financing statement relates;
- (b) indicate whether the purpose of the amendment is to add, change or delete information in a registration;
- (c) if information is to be added, indicate the additional information; and
- (d) if information is to be changed or deleted, enter the information to be changed or deleted, and in case of change also enter new information.

(4) The amendment financing statement must also identify the secured creditor authorising the amendment.

19. Cancellation of Registration

(1) The registration may be cancelled by the secured creditor upon registration of a cancellation statement.

(2) The secured creditor shall cancel the registration within fifteen (15) working days of receiving a demand from the debtor but only after all obligations under the security agreement have been performed and there is no commitment to make future advances.

(3) The cancellation statement shall include—

(a) the initial financing statement registration number of the financing statement to which the cancellation statement relates; and

(b) identification of the secured creditor authorising the cancellation.

(4) If the secured creditor fails to comply, the debtor may appeal to the Registrar showing cause as to why the registration should be cancelled by the Registrar, notice of which shall be given to the secured creditor before a decision is taken by the Registrar.

(5) A secured creditor objecting to a cancellation request by the debtor shall have a right to respond within seven (7) days of receipt of notice in this regard.

(6) The decision of the Registrar on the request shall be final save as may otherwise be determined by a court of competent jurisdiction.

20. Search of the Collateral Registry

(1) Any person may search the Collateral Registry and obtain a printed search result of the information provided by secured creditors in accordance with Regulation 12 without the need to demonstrate or justify the reasons for the search.

(2) The Collateral Registry shall, upon request and payment of the fee prescribed in these Regulations, issue a printed search result in the form of a certificate that shall be

conclusive evidence of the existence of information in the Collateral Registry as of the date and time of its issuance.

(3) The search result shall either indicate that no registrations were retrieved against the search criterion provided by the searcher or shall set out all registrations searchable in the Collateral Registry at the date and time when the search was performed.

(4) A printed search result issued by the Collateral Registry shall be conclusive evidence of the existence of information in the Collateral Registry as of the date and time of its issuance.

21. Search Criteria

The Collateral Registry may be searched by reference to the following criteria—

- (a) In the case of a Company, Cooperative or Registered business, its Company registered name or number as may be applicable;
- (b) In the case of an individual, the biometric based unique identifier, full name, gender and date of birth of the debtor associated with such debtor as may be applicable;
- (c) The name and address of the secured creditor

22. Fees

(1) The fees set out below are payable for the following matters:

- (a) initial registration: N1,000
- (b) renewal/amendment: N 500
- (c) searches and search certificates: N 500

(2) The fees prescribed in paragraph 22 (1) of this Regulation as well as the preferred mode of payment of such fees may be reviewed from time to time by the Governor of the Central Bank of Nigeria;

PART IV
PRIORITY BETWEEN SECURITY INTERESTS

23. Priority of Security Interests

(1) A perfected security interest shall have priority over an unperfected security interest.

(2) Subject to the special priority rules in Regulations 27-34, the priority between perfected security interests in the same collateral created by the same debtor shall be determined by the order of registration or possession whichever occurs first.

24. Same Priority for Original Collateral, Proceeds and Advances

(1) The priority of a security interest in original collateral shall also be the priority with respect to its proceeds.

(2) A security interest shall have the same priority in respect of all secured obligations and advances, whether existing or future.

25. Transfer Does Not Affect Priority

(1) A security interest that is transferred shall have the same priority as it had at the time of the transfer.

(2) Transfer of a security interest is effective without registering an amendment financing statement in the Collateral Registry.

26. Voluntary Subordination of Priority

(1) The secured creditor may agree to subordinate its priority in favor of any other claimant.

(2) Subordination is effective without registering an amendment financing statement in the Collateral Registry.

(3) An agreement to subordinate may not adversely affect rights of a person that is not a party to the agreement.

27. Priority of Purchase Money Security Interest and Its Proceeds

A purchase money security interest in collateral and its proceeds shall have priority over a non-purchase money security interest in the same collateral created by the same debtor if the purchase money security interest is perfected when the debtor receives the collateral.

28. Priority of Security Interests in Processed or Co-mingled Goods

(1) A perfected security interest in goods that subsequently become part of a product or mass shall continue as a perfected security interest in the product or mass if the goods are so manufactured, processed, assembled or co-mingled that their identity is lost in the product or mass.

(2) If more than one security interest is perfected in the goods before they become part of a product or mass, the security interests rank equally in proportion to the value of the goods at the time they became part of the product or mass.

29. Priority of Creditor Who Receives Payment

(1) A transferee of money or funds from a deposit account takes the money or funds free of a security interest unless the transferee acts in collusion with the debtor in violating the rights of a secured creditor.

(2) Bank's right of set-off shall have priority over a perfected security interest that extends to the deposit account.

30. Priority of Holders of Negotiable Instruments and Documents of Title

A holder of a negotiable instrument or document of title shall have priority over a perfected security interest in the negotiable instrument or the document of title if the holder:

- (a) gave value;
- (b) acquired the negotiable instrument or the document of title without knowledge that the transaction is a breach of the security agreement to which the security interest relates; and
- (c) took possession of the negotiable instrument or the document of title.

31. Priority of Assignee

(1) The rights of an assignee of an account receivable shall be subject to

- (a) the terms of the contract between the account debtor and the assignor and any defense or claim arising from the contract; and
- (b) any other defense or claim of the account debtor against the assignor, including a defense by way of a right of set-off that accrues before the account debtor receives notification of the assignment.

(2) Paragraph (1) shall not apply if the account debtor has made an enforceable agreement not to assert defenses to claims arising out of the contract.

(3) Priority between competing assignees is determined according to the time of registration in the Collateral Registry irrespective of the time when the account debtor receives a notification of the assignment.

32. Rights of the Buyer or Lessee of Goods

(1) A buyer or lessee who acquires goods for value and receives their possession shall take the goods free of an unperfected security interest.

(2) A buyer of goods sold in the ordinary course of business of the seller and a lessee of goods leased in the ordinary course of business of the lessor shall take the goods free of a security interest created by the seller or lessor unless the buyer or lessee knows that the sale or the lease constitutes a breach of the security agreement under which the security interest was created.

33. Priority of Holders of Liens

A possessory lien arising out of materials or services provided in the ordinary course of business in respect of goods that are subject to a security interest shall have priority over that security interest.

**PART V
REALISATION OF SECURITY INTERESTS**

34. Application of this Part

(1) A financial lessor may enforce its rights under this Part or the law governing the financial lease.

(2) Holders of purchase money security interests may enforce their rights either under this Part or the relevant law governing their rights.

(3) After default, a secured creditor has the rights provided in this Part and those provided in the security agreement signed by the debtor. A secured creditor may also resort to any available judicial procedure.

35. Repossession of the Collateral

- (1) After default, a secured creditor must provide a notice of the default to the debtor.
- (2) The notice required under sub section 1 maybe delivered to the debtor by:
 - (a) hand;
 - (b) courier service;
 - (c) registered mail; and
 - (d) other means agreed by the parties
- (3) Ten (10) days after sending the notice of default, the secured creditor
 - (a) may take possession of the collateral; or
 - (b) without removal, may render the collateral inoperative.
- (4) A secured creditor may proceed under this Regulation—
 - (a) pursuant to judicial process; or
 - (b) without judicial process, if the debtor consented in the security agreement to relinquishing possession without a court order.
- (5) In the event of proceeding without judicial process, the secured creditor with the help of law enforcement agencies shall enforce his right of possession in a peaceable manner.
- (6) The secured creditor may require the debtor to assemble the collateral and make it available at a designated place.

36. Secured Creditor May Render Collateral Inoperative

- (1) A secured creditor may render the collateral inoperative if the collateral is of a kind that cannot be readily moved from the debtor's premises or is of a kind for which adequate storage facilities are not readily available.

(2) The secured creditor may dispose of collateral on the debtor's premises provided that it shall not cause the person in possession of the premises, if other than the debtor, any greater inconvenience than is necessary.

37. Secured Creditor May Collect Accounts Receivable

(1) A secured creditor may collect and apply an account receivable, money or a negotiable instrument taken as collateral to the satisfaction of the obligation secured by the security interest if the debtor is in default.

(2) The secured creditor may notify the account debtor and collect payment even prior to default.

38. Secured Creditor May Dispose of the Collateral

(1) The secured creditor may dispose of the collateral by sale, lease, license or other form of disposal in its present condition or following any commercially reasonable preparation or processing.

(2) The secured creditor may sell the collateral in an auction, public tender, private sale or any other method provided for in the security agreement.

(3) The secured creditor shall owe a duty to obtain the fair price obtainable as at the time of sale or other disposal.

39. Notice of Sale of Collateral

(1) The secured creditor who intends to sell the collateral shall not less than ten (10) working days before selling the collateral, send notice in the manner stipulated in Regulation 35 (1) hereof to the following persons—

(a) the debtor; and

(b) any secured creditor who has registered a financing statement in respect of the collateral that became effective before the secured creditor repossessed the collateral.

(2) Paragraph (1) shall not apply if—

- (a) the collateral may perish within ten (10) working days of the repossession;
- (b) the secured creditor believes on reasonable grounds that the collateral will decline substantially in value if it is not disposed of immediately;
- (c) the cost of care and storage of the collateral is disproportionately large in relation to its value; or
- (d) the collateral consists of inventory or farm products; and
- (e) in the manner prescribed under paragraph 36(1) of this Regulation.

40. Extinguishment of Subordinate Security Interests

If collateral has been sold under this Part, all security interests in the collateral that are subordinate to the security interest of the secured creditor who sold the collateral shall be extinguished.

41. Secured Creditor to Give Statement of Account to Debtor

The secured creditor shall, within fifteen (15) working days after the sale of the collateral, provide to the persons entitled to receive a notice of sale a statement of account in writing, indicating—

- (a) the amount of the proceeds of sale;
- (b) the amount of the costs and expenses of the sale; and
- (c) the balance owing by the secured creditor to the debtor or by the debtor to the secured creditor, as the case may be.

42. Distribution of Sale Proceeds

(1) A secured creditor who has sold collateral shall, before applying the proceeds of the sale towards the satisfaction of the debt or other obligation secured by the security interest, apply the proceeds of the sale towards the reasonable costs and expenses of the sale, and to the extent provided for in an agreement, reasonable legal expenses.

(2) The secured creditor shall pay the following persons the amount of any surplus from the disposal in the following order;

- (a) secured creditors who have a subordinate security interest perfected by registration, in the order of their priority; and
- (b) the debtor.

(3) The secured creditor may pay the surplus into Court if there is a question as to who is entitled to receive payment.

(4) The debtor remains liable for any deficiency.

43. Right to Redeem Collateral

(1) At any time before the secured creditor sells the collateral, the debtor, the person that owes payment or other secured creditor may redeem the collateral by—

- (a) fulfillment of all the obligations secured by the collateral; and
- (b) paying any other reasonable expenses incurred by the secured creditor.

(2) The debtor's right to redeem the collateral shall have priority over any other person's right to redeem the collateral.

44. Reinstatement of Security Agreement

(1) At any time before the secured creditor sells the collateral, the debtor may reinstate the security agreement by—

- (a) paying the sums actually in arrears;
- (b) remedying any other default; and
- (c) paying a sum equal to the reasonable expenses incurred by the secured creditor.

(2) Unless otherwise agreed, the debtor shall not be entitled to reinstate a security agreement more than twice in each year.

**PART VI
RIGHTS AND DUTIES OF THE PARTIES**

45. Good faith and Commercial Reasonableness

(1) All rights, duties or obligations that arise under a security agreement or these Regulations shall be exercised and discharged in good faith and in accordance with commercially reasonable standards.

(2) A person shall not act in bad faith merely because the person acts with knowledge of the security interest of some other person, unless it knows that its actions would violate rights of the other person.

46. Entitlement to Damages

(1) If a person fails to discharge any duty or obligation imposed by these Regulations, the person to whom the duty or obligation is owed shall have a right to recover damages for any loss or damage.

(2) Nothing in paragraph (1) shall limit or affect any liability that a person may incur under any law of Nigeria.

47. Secured Creditor to Provide Confirmation Statement to the Debtor

(1) The secured creditor shall, not later than fifteen (15) working days after the day on which the confirmation statement of the registration was received, provide to the debtor a copy of the confirmation statement.

(2) The confirmation statement may be provided in the same manner prescribed for giving notices under Section 36(1) of this Regulation

48. Secured Creditor to Provide Certain Information

(1) A debtor may request the secured creditor to send or make available to any person, at an address specified by the debtor making the request, any of the following—

- (a) a summary of a security agreement that creates or provides for a security interest;
- (b) a statement in writing of the amount of the indebtedness and of the terms of payment of the indebtedness;
- (c) an itemized list of collateral, unless the security interest is over all of the movable property of the debtor; or
- (d) a statement of account indicating the pay off amount needed to fully satisfy the secured obligation.

(2) Where the secured creditor no longer has an interest in the obligation secured or collateral covered by the registration, the secured creditor shall disclose to the debtor the name and address of the immediate successor in interest or transferee and the latest successor in interest or transferee, if known.

(3) A secured creditor shall comply with the request within ten (10) working days of its receipt.

(4) A secured creditor may charge the debtor only the reasonable costs for providing the information, and the debtor shall be entitled to one response free of charge every six (6) months.

**PART VII
MISCELLANEOUS**

50. Law Applicable to Creation, Perfection and Priority

The law applicable to the creation, perfection and priority of a security interest is the law of the jurisdiction where the security interest was created.