

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.9340 Effectiveness of right of recoupment or setoff against deposit account.

Sec. 9340.

(1) Except as otherwise provided in subsection (3), a bank with which a deposit account is maintained may exercise any right of recoupment or setoff against a secured party that holds a security interest in the deposit account.

(2) Except as otherwise provided in subsection (3), the application of this article to a security interest in a deposit account does not affect a right of recoupment or setoff of the secured party as to a deposit account maintained with the secured party.

(3) The exercise by a bank of a setoff against a deposit account is ineffective against a secured party that holds a security interest in the deposit account that is perfected by control under section 9104(1)(c), if the setoff is based on a claim against the debtor.

History: Add. 2000, Act 348, Eff. July 1, 2001