

355.9-628 Nonliability and limitation on liability of secured party -- Liability of secondary obligor.

- (1) Unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:
 - (a) The secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this article; and
 - (b) The secured party's failure to comply with this article does not affect the liability of the person for a deficiency.
- (2) A secured party is not liable because of its status as secured party:
 - (a) To a person that is a debtor or obligor, unless the secured party knows:
 1. That the person is a debtor or obligor;
 2. The identity of the person; and
 3. How to communicate with the person; or
 - (b) To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:
 1. That the person is a debtor; and
 2. The identity of the person.
- (3) A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:
 - (a) A debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or
 - (b) An obligor's representation concerning the purpose for which a secured obligation was incurred.
- (4) A secured party is not liable to any person under KRS 355.9-625(3)(b) for its failure to comply with KRS 355.9-616.
- (5) A secured party is not liable under KRS 355.9-625(3)(b) more than once with respect to any one (1) secured obligation.

Effective: July 1, 2001

History: Created 2000 Ky. Acts ch. 408, sec. 146, effective July 1, 2001.